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FLORIDA PUBLIC SERVICE COMMISSION

1989 ANNUAL REPORT

Copies of this report can be obtained from the Florida Public Service Commission, Public Information Office, 101 East Gaines Street, Tallahassee, Florida 32399-0867.

Florida Public Service Commission

Information Directory

As a government agency whose operations directly affect the public, the Florida Public Service Commission welcomes your requests for information on matters in which you have a concern. Inquiries may be made by letter to the address below, or by telephone.

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Florida Public Service Commissioners

The Florida Public Service Commissioners are, left to right, Tom Beard, Gerald Gunter, Michael Wilson, Tom Herndon, and Betty Easley.

MICHAEL WILSON

Commissioner Wilson has served as a commissioner since 1985, when he was appointed to complete an unexpired term. He was reappointed in 1986 for a full four-year term and is presently serving a two-year term as PSC Chairman. Governor Bob Martinez recently reappointed him to another term, which began January, 1990. Wilson earned his law degree from Florida State University and formerly was Deputy Public Counsel with the Office of Public Counsel.

TOM BEARD

Commissioner Beard was appointed by Governor Martinez in 1987 to serve the remainder of a term, which expired January, 1990, and he was recently reappointed to a four-year term, which began January, 1990. Before his appointment, Commissioner Beard was the personnel manager for Clay Electric Cooperative. Beard has a master's degree in education from the University of Florida.

BETTY EASLEY

Commissioner Easley was appointed by Governor Bob Martinez and took office in January, 1989. Before her appointment, Commissioner Easley served as Director of Intergovernmental Affairs in the Office of the Governor until she became Assistant Secretary of State. She also served in the Florida House of Representatives from 1972 until 1986. Easley has a bachelor's degree in public administration from Eckerd College.

GERALD L. GUNTER

Commissioner Gunter was appointed by Governor Reubin Askew and took office in January, 1979. He was reappointed twice by Governor Graham to four-year terms beginning January, 1983 and January, 1987. Prior to his appointment, Gunter was with the Bendix Corporation at Kennedy Space Center and served as Vice Mayor and Councilman of Titusville. Gunter has a master's degree in management from Florida State University.

JOHN T. HERNDON

Commissioner Herndon was appointed by Governor Bob Graham and took office in January, 1986. He was reappointed by Governor Graham to a four-year term beginning January, 1987. Prior to his appointment to the commission, Commissioner Herndon served in the Office of the Governor as chief of planning and budgeting, and then as chief of staff. Herndon has a master's degree in social work from Florida State University.

A Message from the Chairman

In 1989, Florida's Public Service Commission rose to the challenges presented by advancing technology and increased expectations of consumers.

While facing this task, the Commission acted on a number of complex and controversial issues having a direct and significant effect on Florida consumers and businesses alike.

The Public Service Commission's 1989 Annual Report highlights the most important issues addressed by the Commission, including the following:

- During 1989, the PSC ordered $35.5 million in refunds and $21.8 million in rate reductions for telephone customers.

- The PSC also authorized refunds of $59 million and rate reductions of $60.5 million for electric customers.

- The PSC's Telephone Service Evaluation Program, recognized nationally as the most comprehensive "on site" program conducted by any regulatory agency, generated more than 450,000 test calls during 1989, corrected numerous industry violations and recovered $11,000 in overcharges to subscribers.

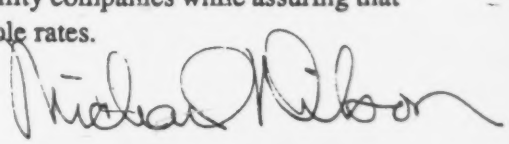
- The PSC explored ways to further encourage the development of cogeneration and small power production -- alternative forms of generation that produce electricity more efficiently than conventional power plants. Because of their increased efficiency, the PSC views them as being a critical element in meeting future demands for power in Florida.

- The PSC continued to pursue means for encouraging efficient operation by utilities. The studies of Southern Bell's rate stabilization and AT&T's forbearance dockets are being closely monitored. Further, the PSC ordered all electric utilities to file new and revised conservation programs which are to include plans to encourage cogeneration and develop programs for the use of natural gas when cost effective.

- In conjunction with the Florida Legislature's sunset review of the Commission's enabling statutes, the PSC critically reviewed and assessed the effectiveness and appropriateness of the Commission's regulatory procedures for all industries subject to its jurisdiction: electric, gas, telecommunications, and water and wastewater.

The PSC recognizes that its actions and programs have a major impact on the lives of Florida's ratepayers. The decisions made in 1989 and in subsequent years will impact the price, quality, availability and reliability of utility services in the 1990s and beyond.

To uphold these responsibilities, the Commission will continue to ensure that changes in ratemaking or rate structure are fair both to consumers and to utility companies while assuring that Florida consumers receive reliable services at the lowest possible rates.



Michael Wilson, *Chairman*

1989 NARUC Committees

ADMINISTRATION	Betty Easley
AD HOC COMMITTEE ON THE FINANCIAL FUTURE OF THE ASSOCIATION	Gerald L. Gunter
ASSOCIATION FINANCE AND ORGANIZATION	Gerald L. Gunter
COMMUNICATIONS	Thomas M. Beard
TASK FORCE ON FEDERAL-STATE JOINT CONFERENCES	Thomas M. Beard
80-286 JOINT BOARD ON SEPARATIONS AND COST ALLOCATIONS	Thomas M. Beard
ELECTRICITY	Michael Wilson
FINANCE AND TECHNOLOGY	Gerald L. Gunter
EXECUTIVE COMMITTEE	Gerald L. Gunter
NATIONAL REGULATORY RESEARCH INSTITUTE	Gerald L. Gunter
NUCLEAR ISSUES-NUCLEAR WASTE DISPOSAL	Michael Wilson
WATER	John T. Herndon

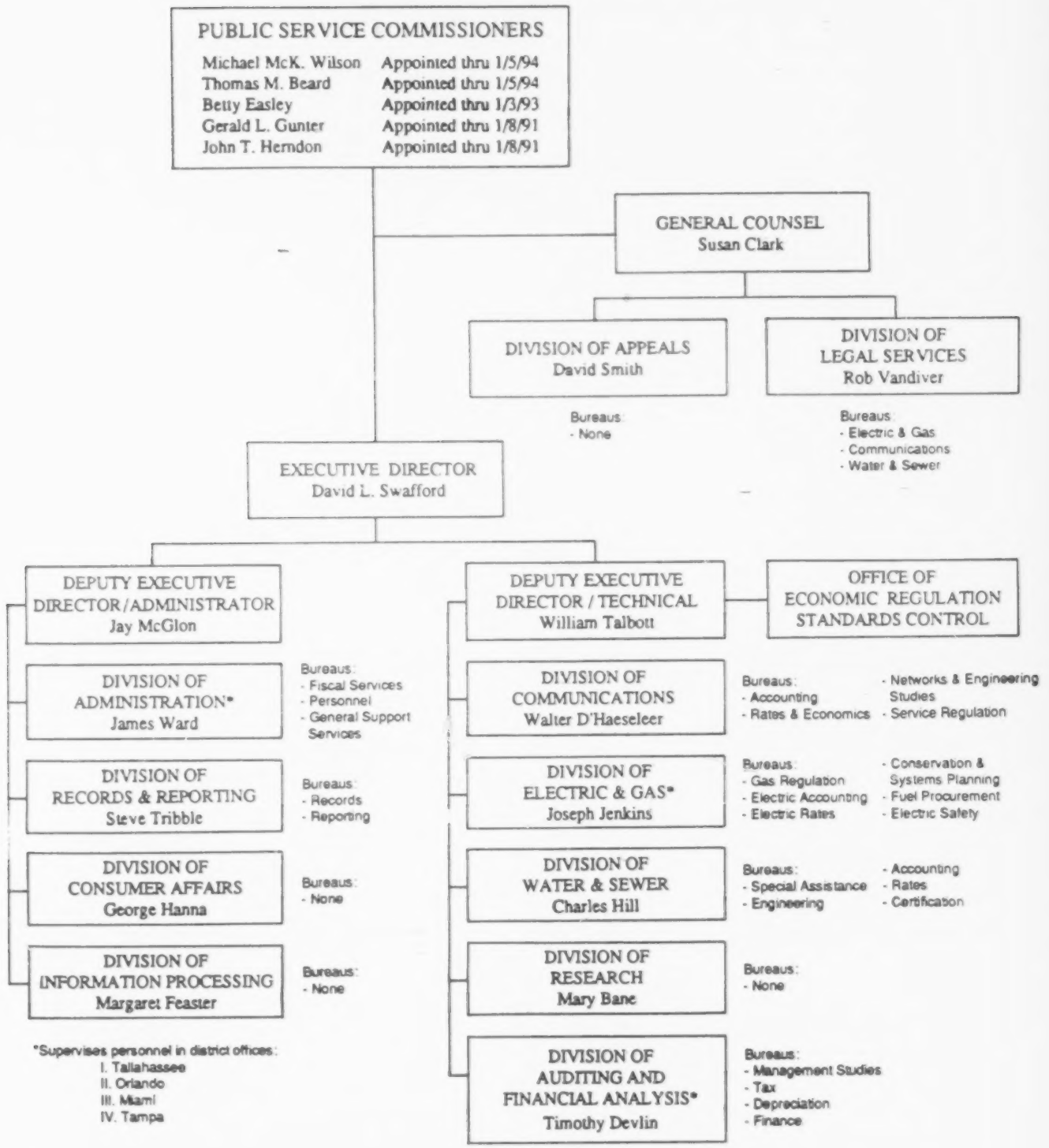
Staff Subcommittees

EXECUTIVE DIRECTORS	David L. Swafford
ACCOUNTS	Timothy J. Devlin
COMMUNICATIONS	Bridget Duff
COMPUTER	Margaret Perry Feaster
CONSUMER AFFAIRS	George B. Hanna
COST ALLOCATIONS	Rick Wright
ECONOMICS AND FINANCE	Mary Bane; Deborah Flannagan
EDUCATION	Jay McGlon
ELECTRICITY	Joseph D. Jenkins
ENERGY CONSERVATION	James W. Dean
ENGINEERING	Walter D'Haeseleer
FEDERAL-STATE JOINT BOARD	Timothy J. Devlin
TECHNOLOGY	Bob Trapp; Stan Greer
GAS	Joseph W. McCormick
LAW	Susan Clark
MANAGEMENT ANALYSIS	Lisa Harvey
NUCLEAR WASTE DISPOSAL	Jennifer Harvey
PIPELINE SAFETY	C. Edward Mills
PUBLIC INFORMATION	Bev DeMello
TASK FORCE ON HIGH SCHOOL PROGRAM	George B. Hanna
TELEPHONE SERVICE QUALITY	Alan Taylor
WATER	Charles H. Hill
COST-OF-SERVICE TASK FORCE	Joseph D. Jenkins; Marge Meeter

Public Service Commissioners (1887 - 1989)

Commissioners	Years Served	Replaced By
George G. McWhorter	08-17-87 to 06-13-91	
E. J. Vann	08-17-87 to 06-13-91	
William Himes	08-17-87 to 06-13-91	
The Commission was abolished by Legislature 1891, recreated 1897		
R. H. M. Davidson	07-01-97 to 01-03-99	John L. Morgan
John M. Bryan	07-01-97 to 01-06-03	Jefferson B. Brown
Henry E. Day	07-01-97 to 10-01-02	R. Hudson Burr
John L. Morgan	01-03-99 to 01-08-07	Royal C. Dunn
R. Hudson Burr	10-01-02 to 01-04-27	R. L. Eaton
Jefferson B. Brown	01-06-03 to 01-08-07	Newton A. Blitch
Newton A. Blitch	01-08-07 to 10-30-21	A. D. Campbell
Royal C. Dunn	01-04-09 to 01-04-21	A. S. Wells
A. S. Wells	01-04-21 to 12-16-30	L. D. Reagin
A. D. Campbell	11-12-22 to 02-10-24	E. S. Mathews
E. S. Mathews	02-25-24 to 01-16-46	Wilbur C. King
R. L. Eaton	01-04-27 to 02-27-27	Mrs. R. L. Eaton-Greene
Mrs. R. L. Eaton-Greene	02-27-27 to 01-08-35	Jerry W. Carter
L. D. Reagin	12-16-30 to 07-06-31	Tucker Savage
Tucker Savage	07-06-31 to 01-03-33	W. B. Douglass
W. B. Douglass	01-03-33 to 08-04-47	Richard A. Mack
Jerry W. Carter	01-08-35 to 01-05-71	William H. Bevis
Wilbur C. King	01-08-47 to 07-18-64	William T. Mayo
Richard A. Mack	09-15-47 to 01-05-55	Alan S. Boyd
Alan S. Boyd	01-05-55 to 11-01-59	Edwin L. Mason
Edwin L. Mason	12-01-59 to 01-06-69	Jess Yarborough
William T. Mayo	09-01-64 to 12-31-80	Katie Nichols
Jess Yarborough	01-06-69 to 01-02-73	Paula F. Hawkins
William H. Bevis	01-05-71 to 03-21-78	Robert T. Mann
Paula F. Hawkins	01-02-73 to 03-21-79	John R. Marks, III
Robert T. Mann	03-22-78 to 01-03-81	Susan Leisner
The Commission became appointive January 1, 1979		
Joseph P. Cresse	01-02-79 to 12-31-85	John T. Herndon
Gerald L. Gunter	01-02-79 to 01-08-91	
John R. Marks, III	03-22-79 to 03-02-87	Thomas M. Beard
Katie Nichols	01-02-81 to 01-03-89	Betty Easley
Susan Leisner	02-16-81 to 04-02-85	Michael Wilson
Michael Wilson	07-12-85 to 01-05-94	
John T. Herndon	01-07-86 to 01-08-91	
Thomas M. Beard	03-03-87 to 01-05-94	
Betty Easley	01-03-89 to 01-01-93	

Public Service Commission Organizational Chart



Maintaining the Balance

Utility Regulation in Florida

The work of the Florida Public Service Commission is a balancing act. Under Florida law the Commission regulates every investor-owned utility in the state, assuring adequate service and setting just, reasonable, and sufficient rates.

The Florida Public Service Commission consists of five members selected for their knowledge and experience in one or more fields substantially related to the duties and functions of the commission. These fields include economics, accounting, engineering, finance, natural resource conservation, energy, public affairs or law.

The governor appoints a commissioner from the nominees selected by the Public Service Commission Nominating Council. Commissioners also must be confirmed by the Florida Senate, and they serve a four-year term.

The PSC was created by the Legislature in 1887 and was then called the Florida Railroad Commission. The primary purpose of the board was the regulation of railroad passenger and freight rates and operations.

As Florida progressed, it was necessary for the Commission to expand. In 1911 the Legislature conferred on the commission the responsibility of regulating telephone and telegraph companies. In 1951, jurisdiction was extended to regulate electric utility rates and service, and in 1953, PSC jurisdiction was extended to the regulation of gas utilities, too. In 1959, the Commission began regulating water and sewer systems.

In the past, three commissioners were elected in a statewide election. The 1978 Legislature adopted a bill changing the commission to a five-member appointed board.

The Commission has quasi-legislative and quasi-judicial as well as executive powers and duties. In its quasi-legislative capacity, the PSC sets rates and makes rules governing utility operations. In a quasi-judicial manner the commission hears and decides complaints, issues written orders similar to court orders, and may have its decisions appealed only to the Florida Supreme Court. As an executive agency, the Commission enforces state laws affecting the utility industries.

The Commission oversees the intrastate operations of investor-owned utilities -- electric, gas, water, and telecommunications. During 1989, the Commission regulated 13 local exchange companies, more than 80 long-distance (inter-exchange) telephone companies, and more than 750 pay telephone providers. Additionally, the PSC regulated six investor-owned electric companies, 11 investor-owned gas utilities and more than 800 water and waste-water systems.

The PSC does not regulate publicly owned, municipal, or cooperative utilities. However, it has rate structure jurisdiction over 33 cities, 18 rural electric cooperatives, and 27 municipally-owned gas utilities.

The PSC has 376 authorized positions and an annual budget of about $19.1 million.

How Rates Are Set

The Public Service Commission has the responsibility to set rates which are fair and reasonable. It is also required to set rates to allow utility investors an opportunity to earn a reasonable return on their investment. Whenever a gas, electric, telephone, or water company wants to change its rates, it must come before the PSC for permission. The PSC then investigates its request and sets new rate levels if the request is valid. The investigation is extensive, with many PSC staff members helping the Commission assess the company's request.

Public Input

The PSC always starts its investigation by holding a hearing within the utility's service area, so the commissioners can hear from the public. Customers may comment or ask questions on the proposed rates or make any other statements relating to the utility's operations. The Public Counsel, who represents customers, is also present at these hearings.

Technical Hearings

Later, hearings similar to courtroom proceedings are held in Tallahassee, in which evidence is presented by expert witnesses in support of each viewpoint represented. Witnesses are cross-examined by the company, intervenors, staff, and the Public Counsel's office. This information is important to the Commission when it evaluates company requests.

Commission Decisions

After all evidence is presented, the five-member Commission reviews the record that has been developed and issues a decision. The policy decision it makes will determine the level of rates the company will be permitted to collect.

The utility is required to justify all of its expenses for the operations of the utility. An expense which the Commission determines is improper or unnecessary is disallowed and is excluded from the amount the utility is allowed to collect from customers.

The Commission also looks at the amount utility stockholders have invested in plants and other facilities and allows a reasonable return on the investment necessary to provide good service.

Rates are calculated to produce the amount needed for the approved expenses plus the authorized return. Since expenses which the Commission considered imprudent or unnecessary are not included in the revenue requirement, the utility has the opportunity to achieve the authorized return only if management eliminates the unnecessary expenses and operates efficiently. There is no guarantee that the authorized return will be achieved.

Once the final order is issued, the commission's decision can be appealed to the state's appellate court system.

Executive Director

David Swafford

The Executive Director is, essentially, the chief of staff of the Commission with general responsibility over the technical and administrative operations of the Commission. He coordinates the activities of the divisions, is responsible for the implementation of Commission policies, and makes recommendations for the development and articulation of policy questions. The Executive Director also coordinates and acts as an inter-agency and legislative liaison, and consults with and advises the Commission on economic and governmental matters.

The office includes two Deputy Executive Directors. This division of executive duties helps to facilitate the flow and efficiency of the Commission's workload, as well as providing the proper direction and leadership for the staff.

Deputy Executive Directors

William Talbott is Deputy Executive Director over the technical divisions, including Communications, Electric and Gas, Water and Sewer, Auditing and Financial Analysis, and Research.

Jay McGlon is Deputy Executive Director over the Administration, Consumer Affairs, Records and Reporting, and Information Processing divisions.

DIVISION OF

Auditing & Financial Analysis

Tim Devlin, Director

The Division of Auditing and Financial Analysis serves as the principal advisor to the Commission on matters pertaining to taxes, capital recovery and finance; performs audits and issues reports on regulated utilities. Of the 67 staff members in the division, 14 possess CPA certificates, 10 have Master's degrees, 3 possess CIA certificates, and 45 have Bachelor's degrees.

Audit Section

The Audit Section completed 146 financial audits and nine engineering audits assisted by the computer audit and economic audit support sections. During this period the primary goals centered on improving audit support and technique. Training initiatives from the PEER review program, a new format to emphasize and segregate fact from opinion in the audit report, and lessons learned from the Gulf Power Company investigation have all contributed towards the achieving of this goal. Finally, better communications and coordination between the auditors and industry division analysts is expected from a workshop scheduled concurrently with the PURC 1990 conference.

EDP Section

The EDP Support group and staff economist continued to provide automated and statistical services to the overall effort. Their services were utilized in rate cases, conservation audits and special projects. The team approach of EDP specialists, staff economist/statistician and field auditor worked well toward shorting time requirements in auditing six major utilities. An extensive survey of utilities was conducted as part of newly created EDP technical library on large mainframe computers. Through this library the EDP group will be able to initiate audit support with greater ease and response time. The EDP group also conducted an extensive review of laptop computers and portable printers to determine the best mix of equipment to replace aging field equipment. The new equipment will have better capability and significantly greater portability by cutting the present carrying weight in half.

Bureau of Tax

The Tax Bureau continued to work with the water and sewer industry to resolve continuing problems concerning the taxation of contributions-in-aid-of-construction.

Staff members participated in approximately 26 rate cases, five rule dockets, eight major tax savings refund cases, several nuclear decommissioning studies and private letter ruling requests to the Internal Revenue Service

concerning allowance for funds used during construction. Staff members testified in five cases in 1989 and were called upon to make presentations on nuclear decommissioning and normalization at several out-of-state conferences.

The Tax Bureau coordinated, administered and reviewed the tax savings reports filed by all the FPSC regulated utilities. They also participated in the review of the CIAC gross-up reports filed by the utilities with the gross-up provisions in their tariffs.

Tax Bureau staff coordinated the Monthly Accounting Meetings covering such topics as depreciation, ratemaking, management auditing, the Safe Drinking Water Act, regulatory treatment of non-used and useful plant, rules, other post-retirement benefits, and the drafting of rules.

Bureau of Depreciation

The Bureau of Depreciation continued research in the area of subcategorization of electric production plant for depreciation study purposes; rulemaking has been initiated. Staff members also continued investigation of potential dismantlement costs of fossil-fuel plants and the appropriate accounting and ratemaking treatment of those costs. The review of the nuclear decommissioning cost studies for Florida Power & Light and Florida Power Corporation was completed. The next review is scheduled for 1991 in which the companies will address the feasibility of reusing non-contaminated portions of the nuclear facilities for another generating source of electricity. Additionally, three depreciation studies were finalized in which dismantlement costs, subcategorization, and the concept of plant-life extension of generating plants were considered.

This marked the year in which the initial five year review cycle of all gas companies was finalized with completion of the review of Indiantown Gas and the Palm Beach County Gas companies. Two additional depreciation studies on gas companies were submitted and completed. The Bureau continued research in connection with the treatment of inactive service lines and costs of removal of service lines. Rulemaking regarding the accounting retirement and the physical retirement of inactive service lines will be initiated during 1990.

Of the eight telephone depreciation studies submitted during 1989, United Telephone Company and Northeast Telephone Company studies were completed. The triennial deprecation reviews for Southern Bell, Southland, Florala, Alltel and Quincy Telephone companies are still under review by the Bureau. Remaining life rates prescribed in 1986 for Central Telephone Company were approved to continue during 1989 with no recommended revisions pending further investigation and review of company continuing property records. Research continues on the impact of technological changes such as network reconfigurations and the advent of digital and optic technology. Staff provided a witness in General Telephone's case on tax savings for 1988.

In the water and sewer industry, drafts of a Retirement Unit List and a Depreciation Study Staff Advisory Bulletin were submitted.

Bureau of Finance

The Bureau of Finance provided capital structure/cost of equity testimony in numerous cases during 1989, including three electrics, two telephone, and one natural gas case. In addition, they participated in other proceedings such as the reconsideration of the Southern Bell decision and the determination of an appropriate allowed return on equity for FPL in regards to oil backout. They also provided testimony in the Southern States rate case supporting the financial integrity model previously developed by the Bureau.

The Bureau also established rules and developed forms to enable the Commission to monitor utility diversification activity. Finance Bureau staff also finalized the task force report on leveraged buyouts which discussed their historical development, mechanics, current activity, and the potential impact on Florida utilities. The Bureau also presented a seminar designed to acquaint the legal staff with the basics of public utility finance theory and practice.

In addition, the Finance Bureau staff completed a paper detailing guidelines for the determination of an appropriate capital structure for use in water and sewer rate cases. They also participated in the nuclear decommissioning docket, reviewing all the financial issues associated with the anticipated funding requirements and conducting a limited management audit of the utilities' financial arrangements.

On an ongoing basis, the Bureau processed the security applications of all natural gas and investor-owned electric utilities, maintained a continuous dialogue with various state and federal regulatory bodies and credit rating agencies, and conducted research related to the current financial models employed by the Bureau.

Bureau of Management Studies

In 1989, the Bureau presented a major cross-sectional comparative review of Florida Power Corporation and Tampa Electric Company. This review resulted in 93 recommendations and an estimated total one-time savings of $9,528,029 plus a recurring annual savings of $187,957. In addition, the Bureau also completed the audit work for two other significant management reviews to be presented in the first quarter of 1990. These reviews were of Southern Gas Company and City Gas Company, which resulted in over 100 recommendations for improvement. In September, the Bureau completed a review of Outside Professional Services which encompassed selected utility companies. The review, 14 companies, required each company to inventory contracts and to provide policies and procedures relating to contracting. A limited review of nuclear decommissioning trust fund management and administration at FPL and FPC was completed in December 1989. The project was a combined effort between the Bureau of Management Studies and the Bureau of Finance. A report is to be published in early 1990.

Other significant accomplishments which directly enhanced the bureau's auditing capabilities included: (1) upgrade workplans and survey instruments; (2) revisions to poli-

cies and procedures manual; and (3) creation of a formal internal training program.

Other activities accomplished during 1989 are listed below.

(1) The initiation of the Implementation Program for both the Florida Power Corporation and Tampa Electric Company as a result of their comparative audit. In 1989, this program monitored six different companies with an aggregate total of 362 recommendations of which 44% have been implemented and the rest still in progress.

(2) Participation in the activities of the NARUC Staff Subcommittee on Management Analysis: (a) The Bureau provided two instructors and two participants for the second annual "Basic Training For Management Analysis" course sponsored by the Subcommittee; (b) Staff devised and executed a computer-use survey sent to every state engaged in management auditing; (c) The Bureau furnished a representative to the subcommittee's semi-annual meetings; and (d) A senior staff member was selected to serve on the audit team which conducted the first ever management audit of NARUC's Headquarters Staff Operations.

DIVISION OF

Communications

Walter D'Haeseleer, Director

The Division of Communications is responsible for providing information and making recommendations to the Commissioners on matters concerning telecommunications. In addition, the division provides telecommunications information and assistance to members of the general public as well as other governmental bodies and the press. Telecommunications companies currently (as of December 1989) regulated by the Florida Public Service Commission (FPSC) include 13 local exchange telephone companies, 80 long distance interexchange telephone companies, 794 competitive pay telephone service providers, 36 key shared tenant services and 34 shared tenant services.

Rate Cases and Overearnings Review

During 1989, no local exchange telephone companies filed for a rate increase. The division did conduct several earnings reviews which resulted in refunds, rate reductions and reduced authorized returns on equity. Rate reductions or refunds were approved for Centel, GTE, Gulf, Indiantown, Northeast and Quincy. The authorized returns on equity were lowered for Florala, GTE, Gulf, Northeast, Quincy and St. Joseph.

Refunds totaling $9,630,825 were approved for Centel by the Commission.

GTE was ordered to refund $24,645,000 related to savings from the reduction in federal income tax rates and to reduce its rates by $21,387,000 annually.

The Commission approved a reduction of $59,748 in touch tone rates for Gulf Telephone and refunds of $634,488 for 1988 and 1989 excess earnings.

Indiantown was ordered to eliminate its zone charges of $70,000 annually.

Northeast Telephone reduced its zone charges by $45,483 annually.

The Commission ordered a local rate reduction of $150,000 annually for Quincy Telephone's residential customers and the elimination of zone charges of approximately $58,000 per year. Quincy was also ordered to refund $620,187 for excess earnings related to 1986, 1987 and 1988.

ATT-C Toll Rate Reductions

AT&T Communications of the Southern States, Inc. (ATT-C) began 1989 by reducing its direct dial toll rates on average by 10% in response to several access reductions. It also reduced its WATS/800 rates by 4% to flow through access reductions. Later in the year ATT-C became more aggressive in lowering the rates to its large customer services such as Pro WATS, Megacom, 800 Readyline and Accunet. These reductions were in response to competitive pressures ATT-C was receiving

from the other long distance carriers. In addition, ATT-C introduced changes to some of its existing toll services in order to make them more attractive and which would result in lower bills for the customer, such as eliminating minimum monthly user charges from its WATS/ 800 service, waiving the initiation charge for Reach Out Florida service for three months, and reducing the initial billing time from 30 seconds to 18 seconds.

Tariff Activity

During 1989, 590 tariffs became final compared to 571 during 1988. Of these 590, 140 were presented to the Commissioners at an Agenda Conference. Of the total tariffs that became final, 275 were filed by local exchange companies (LEC's), 307 were filed by interexchange companies (IXC's) and 8 were filed by shared tenant companies.

Several tariffs that were filed during 1989 are of particular interest. Southern Bell filed its proposed restructure of private line and special access. This tariff is docketed as Docket No. 890505-TL. Several staff workshops concerning the proposal were conducted during 1989 and the tariff is scheduled to be brought before the Commission within the second quarter of 1990.

Several IXCs revised their tariffs in accordance with decisions made in Docket No. 871394-TP, dealing with requirements appropriate for the provision of Alternative Operator Services.

A tariff accompanying the new application of Telview became the subject of some controversy as it represented a new area of interconnection for a company providing transport to cable TV companies. This tariff was approved in Docket No. 890498-TI.

United Telephone filed a tariff requesting that it be permitted to offer presubscription of its public pay telephones. United's tariff is unique in that United is a company which does not fall under the mandate of Judge Harold Greene to provide such presubscription. The tariff was approved in Docket No. 891176-TL.

ATT-C filed to increase its intrastate directory assistance rates from $.25 to $.35. The tariff was approved in Docket No. 891124-TI.

Southern Bell filed to revise its billing and collection tariff to allow clearinghouses to bill on behalf of certificated IXCs. It was later modified to include billing on behalf of PATS providers and was approved in Docket No. 891165-TL.

The year's most controversial tariffs filed dealt with an issue that will affect all subscribers. These Southern Bell tariffs propose to deliver the calling party's telephone number to the called party. If the called party purchases a particular piece of customer premise equipment, the number of the calling party will be displayed on the equipment. The Commission will grapple with this filing into 1990 as it determines the appropriate criteria for customers to whom blocking will be made available.

During 1989, all local exchange companies except Quincy and ALLTEL filed tariffs to implement billing and collection of intraLATA

calls on behalf of PATS providers. These tariffs as well as requirements placed on Quincy and ALLTEL were handled in Docket No. 860723-TL. (The action regarding ALLTEL occurred in 1990).

In various tariffs handled in Docket No. 890814-TL, Southern Bell's two-way measured rate service trial in West Palm Beach was modified. Specifically, rates were reduced along with a three tier rate level proposal, and some services were unbundled from the mandatory two-way measured access line.

Of final interest is another Southern Bell filing dealing with a proposal to mandate local measured service to business customers in the Lake Mary Wire Center along with providing such customer's deep toll discounts. This item is docketed as Docket No. 891374-TL and will be dealt with in early 1990.

Private Line

On March 31, 1989, Southern Bell filed tariff revisions to restructure and reprice private line and special access services. Docket No. 890505-TL was opened to investigate the tariff revisions, rate increases and related cost study. Staff conducted a workshop in October 1989 with all parties of record. It was determined that the restructure would be handled in two phases. Phase I will include the evaluation of the cost manual, tariff and rate restructure and rate levels. Phase II will evolve the distribution of any additional revenues generated by restructure. Staff is continuing to evaluate Southern Bell's filing to determine compliance with the private line/special access cost manual. Currently staff expects to bring a recommendation before the Commission on Phase I in mid-1990.

Service Evaluation Activity

To measure the level of service provided by the state's telecommunications industry, the Commission continued its comprehensive service evaluation program while expanding the number of items being evaluated. Increased emphasis has been placed on safety, services to the hard of hearing and proper subscriber loop grounding. Determining the availability and adequacy of the facilities for the deaf (Telecommunication Devices for the Deaf, or TDD's) in each company's business office and at the 911 answering facility has been added to the items covered in the evaluation process.

The Service Evaluation Bureau initiated over 455,000 test calls while evaluating 6 local exchange company (LEC) areas (Southern Bell-Pompano Beach, General-Plant City, Gulf-Perry, Southland-Davisville and Molino, Florala-Laurel Hill and Paxton, and Northeast-Macclenny and Sanderson). These companies were evaluated from 14 central office locations.

Among the many items evaluated were: answer time (operator, directory assistance, repair service, business office, 911, and TDD), repair service operations, business office operations, installation intervals, missed appointments, directory assistance (availability and accuracy), call completions and toll billing/timing accuracy.

Subscriber loops were evaluated in 21

locations with emphasis on proper grounding (protection and safety) and for transmission quality. A total of 31 interexchange companies were evaluated in conjunction with the LEC evaluations. In addition, 3,274 pay telephones were evaluated for compliance with Commission Rules.

Toll Monopoly Area and Equal Access and Exchange Areas

During 1989, the Commission conducted an investigation into whether or not the local exchange companies should maintain the toll monopoly areas (TMAs) and equal access and exchange areas (EAEAs) or whether they should be modified. The TMAs and EAEAs were regulatory mechanisms developed by the Commission to transition Florida from divestiture to competition while maintaining the quality and low prices of local service. This issue was last investigated in 1986 just two years after divestiture; now five years later the Commission thought it appropriate to revisit the structure designed to transition the local exchange companies into the competitive toll market. This transitional structure is of great concern to both the local exchange companies and the interexchange companies for opposite reasons. Maintaining the current structure provides the LECs with a stable revenue stream with which to maintain low local rates; to the IXCs it represents an artifical constraint keeping them from competing in what could be a competitive market. This investigation had 22 companies intervene and a week long hearing was conducted in November. The Commission will hold a Special Agenda on this issue in early March 1990.

Sunset Activity

Chapter 364, Florida Statutes, establishes the Commission's authority over telecommunications companies. During the 1989 session of the Legislature, Chapter 364 underwent its 10-year sunset review. The Legislature extended the sunset review until the 1990 session in order to have the Commission report on the status of competition in the telecommunications industry. The staff committed substantial resources to preparing this report and the report, consisting of an executive summary, a 187 page-report, and an appendix of major Commission orders referenced in the main report, was released in December, 1989.

Alternative Operator Services

Alternative operator service (AOS) providers generally serve the hospitality and pay telephone industry and share revenues with hotels and other host facilities.

After finding in 1988 that, with certain consumer protection standards, AOS was in the public interest, the Commission in 1989 continued to consider which standards are appropriate for this new industry. Petitions for Reconsideration of the service standards adopted in Order No. 20489 were considered and disposed of by Order No. 22243.

The Commission also participated in the national debate over the regulations appropriate for AOS. Commissioner Tom Herndon

testified in Washington before the House Government Operations Subcommittee which was considering an AOS bill and the Federal Communications Commission's handling of the AOS industry.

In addition, the Commission staff began enforcement actions against several AOS companies, based on service evaluation test calls which indicated the companies were in violation of various AOS standards.

Cellular and Other Mobile Carriers

Cellular and radio common carriers are experiencing rapid growth in Florida today. In 1988, the Commission completed its investigation into the appropriate interconnection rates charged to mobile carriers by the local exchange companies. The approved usage rate was non-distance sensitive, and reflected a composite of a local and toll component. The rate was based on intrastate switched access charges, and was applied LATA-wide. The tariffs implementing this and other new policy decisions went into effect in 1989 for the four major LECs. Cellular systems in Florida's rural areas are expected to be completed over the next two years. Tariffs will be filed by other LECs as those systems come on line.

Due to the extensive work in this docket, Florida's PSC has been recognized as being innovative in its cellular access charge design. Staff has had an article published and made presentations in national forums on Florida's plan.

Alternative Access Vendors

Alternative access vendors (AAV's) are a new type of telecommunications company that provides the access connection between large businesses and interexchange carriers. They claim they are carrying primarily interstate toll traffic and that their operations are outside of this Commission's jurisdiction. Currently, one company is operating in two locations in Florida (Orlando and Tampa) and it has plans to begin operations in two other cities as well (St. Petersburg and Miami). In 1989, the PSC began an investigation into AAVs to discover exactly how they are operating and whether or not this Commission should develop a new set of rules by which these access vendors should comply. The Commission will rule on these issues in 1990.

PATS

On February 1, 1989, Florida Pay Telephone Association (FPTA) filed a Motion for Clarification and/or Reconsideration of Order No. 20610. FPTA's motion requested the Commission to reconsider or clarify the following portions of Order No. 20610: (1) the historical basis of the $1.00 surcharge; and (2) the requirement that all 0- and 0+ intraLATA traffic be routed to the LEC from nonLEC pay telephones.

By Order No. 21614, issued July 27, 1989, the Commission denied FPTA's motion. An additional portion of Order No. 21614 was a Notice of Proposed Agency Action (PAA) whereby the Commission would (1) require all LECs to bill, collect, and remit to the nonLEC

pay telephone providers the up to $1.00 surcharge on 0- and 0+ intraLATA LEC-handled traffic routed from nonLEC pay telephones, to be done as soon as possible, but no later than January 1, 1990; and (2) change the rate cap for intraLATA calls placed from nonLEC pay telephones from the ATT-C daytime rate, plus applicable operator/calling card charges, plus $1.00, to the applicable LEC time-of-day rate, plus applicable operator/calling card charges, plus the $1.00. FPTA did not protest the PAA portion, nor did any other party, so it became final and effective on August 18, 1989, as reflected in the Commission's Consummating Order No. 21761, issued August 21, 1989.

On December 19, 1989, the Commission ordered LECs to bill and collect the surcharge for all 0+ and 0- intraLATA traffic routed from nonLEC pay telephones, to be remitted to the nonLEC pay telephone provider. The PATS surcharge was set at $.75 by a majority vote of the FPTA. A major objection to the implementation of the surcharge is the nonrecurring initiation charge imposed by the local exchange companies to subscribe to the service. The Commission approved the nonrecurring initiation charge subject to refund. The Commission will make a ruling on the appropriateness of this charge in early 1990.

The stipulation signed by the FPTA and the LECs expires in September 1990 and the Commission will be holding a hearing in August or September of 1990.

Extended Area Service

During 1989, the PSC received nine new requests for extended area service (EAS). The Commission ordered a traditional flat rate two-way nonoptional plan on five of the 16 open dockets. The plan has been voted down by the voters on one of those and approved on the others. In an attempt to maximize customer choice, while limiting the financial impact of implementing EAS on the local exchange companies,the PSC tried a version of a new optional plan proposed by Southern Bell. This plan, called Optional Extended Area Service (OEAS), permits customers to keep what they have today in the way of extended area service, get rid of the EAS to exchanges they never call (drop-back option), or add EAS to a new exchange at a substantial discount from existing toll rates. For residential customers there is also a flat rate option for outgoing calls. Customers wanting people in the distant exchange to call them toll free can subscribe to a call-back option, which is also at a reduced rate from existing toll. The Commission has ordered this OEAS plan to be implemented on 33 routes. Twenty eight were implemented during 1989. Three were implemented in September 1988. Two routes will be implemented in 1990. Implementation of the OEAS plan on 22 of these routes was proposed in Southern Bell's petition for regulatory flexibility. The PSC approved implementation, but at a much lower rate than those proposed by Southern Bell. The rates under Options 2, 3 and 5 of the OEAS plan were further reduced by Order No. 21055 issued April 17, 1989 in Docket No. 880069-TL.

Show Cause Activity

Proceedings have been initiated against 257 pay phone companies and 36 long distance companies (no resort communities and no shared tenant service providers) to require them to show cause why they should not be fined and/or have their certificates revoked for violating Commission rules.

Federal Liaison

A. In 1989, the Florida Public Service Commission (FPSC) filed comments with the FCC in the following dockets:

1. *National Telephone Services' (NTS) Petition for Declaratory Ruling that AT&T Should Establish Through Rates on Calls Transferred from NTS*. FPSC recommended that the declaratory ruling be denied for several reasons. First, requirements to establish through rates should apply only to and from locations not served directly by one of the participating carriers. Secondly, AT&T is currently available from all exchanges that NTS serves and AT&T already pays access charges to local exchange companies to aggregate their traffic. Finally, NTS may resolve its problem by encouraging its customers to not block calls to AT&T. In that event, NTS need only instruct end users who want AT&T to dial the appropriate access code. Overall, the FPSC expressed concern that the relief NTS requested would tend to legitimize the selective blocking of access to locally available carriers by CPE providers (the hospitality industry and privately owned pay phones.)

2. *Bell Atlantic Petition for Rulemaking on Pay Telephone*. FPSC filed comments supporting Bell Atlantic's petition, which asked the FCC to require private pay telephones to implement billed party preference. The BOCs were ordered by Judge Greene to implement billed party preference, and Bell Atlantic expressed concern that if private pay phones were not required to implement it, they would have an advantage which may result in private pay phones replacing LEC pay phones. FPSC recommended that the FCC should investigate.

3. *National Telephone Services (NTS) and International Telecharge, Inc. (ITI) Petition for Waivers of Limited Portions of the Call Blocking Prohibition adopted by the FCC*. FPSC filed comments which said that in considering the companies' petition for waivers, the FCC should not supercede any decisions made by the FPSC regarding Alternative Operator Services, which were enacted long before the FCC implemented their decision on AOS.

4. *Amendments to the Creation of Access Charge Subelements for Open Network Architecture (ONA)*. FPSC filed comments stating that it believes the FCC should cautiously approach amendments to Part 69 for ONA. The Comments addressed areas the FPSC believes have been overlooked by the FCC thus far in the ONA process (i.e.

separations and jurisdiction issues) Finally, the FPSC urged the FCC to not require that BSEs be tariffed at the federal level.

5. *Mid-Plains Telephone Company, Inc.'s Petition for Declaratory Ruling Regarding the Commission's Part 36 Separations Procedures.* FPSC filed comments in support of the Wisconsin Public Service Commission's use of the residual methodology or "total company" method of determining a company's proper level of intrastate earnings. The FPSC took the position that when a company elects to participate on an average schedule basis at the interstate level, the residual or "total company" methodology is not inconsistent with the Communications Act of 1934. If a local exchange company is recovering more than 100% of its combined costs as a result of its use of two different methods of separating costs, then state regulators should have the ability to look at the company's earnings on a total company basis.

B. In addition to filing comments with the FCC, the FPSC also wrote to the Florida Congressional delegation regarding the following matters:

1. In April 1989, the FPSC wrote the Congressional delegates regarding its views on H.R. 971, a bill titled "Telephone Operator Service Protection Act of 1989." The bill would direct the FCC to regulate certain aspects of the provision of interstate alternative operator services (AOS). The FPSC's correspondence pointed out that Commissioner John T. Herndon appeared at a hearing on this bill before the U.S. House of Representatives subcommittee on Government Information, Justice, and Agriculture. Commissioner Herndon testified that the FPSC would propose amendments concerning rate caps, billed party preference, and the handling of emergency calls. The letter to the delegation echoed Commissioner Herndon's concerns by saying that, while H.R. 971 represents significant federal legislation, it does not go far enough to protect the rights of consumers affected by recent changes in operator services. The FPSC attached information describing the steps that it has taken to regulate the AOS industry in Florida.

2. In November 1989, the FPSC wrote the Congressional delegates to indicate its support of S.1660. S.1660 contained identical language to H.R. 971 as it was adopted by the House on September 25, 1989. The FPSC was pleased to note that the revised language of H.R. 971 addressed several of the amendments suggested by Commissioner Herndon in his testimony. Further, the FPSC urged that S.1660 be amended to require the FCC to conduct an investigation into the feasibility of implementing "billed party preference", which provides for the automatic routing of "O" calls to the billed party's preferred long distance

carrier without the dialing of special access codes.

C. In 1989, Commissioner Tom Beard and FPSC staff participated in the following National Association of Regulated Utility Commissioners (NARUC) related activities:

1. *NARUC Communications Committee.* Each year, three annual meetings are held at which Commissioners and staff address policy issues. As members of the committee and staff subcommittee on Communications in 1989, Commissioner Beard and FPSC staff have studied and addressed issues pertaining to such things as Open Network Architecture (ONA), cable television-telephone company cross-ownership, price caps, alternative operator services (AOS), and ISDN. As part of the Task Force on Alternatives to Rate Base Regulation, FPSC staff headed a comprehensive survey on Open Network Architecture.

2. *410(b) State/Federal Joint Conference on Open Network Architecture (ONA).* Commissioner Beard is the chair of the state delegation of this conference, which was formed by the FCC to study and address ONA issues of concern to both the federal and state jurisdictions. The conference meets at the same times that NARUC meets. As part of the 410(b) staff, FPSC staff has worked with other state staff members to address such issues as the separations and jurisdictional measurement problems associated with ONA, as well as issues related to technology deployment and uniformity of ONA offerings between RBOCs.

Local Exchange Companies

Regulated Statistics as of September 1989

	GROSS PLANT IN SERVICE	OPERATING REVENUES	OPERATING REVENUE DEDUCTIONS	NET OPERATING INCOME
ALLTEL	$ 130,186,228	$ 40,341,304	$ 30,875,405	$ 9,465,899
CENTEL	439,624,000	136,871,000	114,823,000	22,048,000
GTE	3,276,399,000	1,159,723,000	930,044,000	229,679,000
SOUTHERN BELL	8,202,162,000	2,927,157,000	2,376,751,000	550,406,000
UNITED	1,792,664,221	608,315,004	485,338,929	122,976,075
ALL OTHER LEC's	124,923,865	48,650,942	38,872,352	9,778,590
TOTAL	**$13,965,959,314**	**$4,921,058,250**	**$3,976,704,686**	**$944,353,564**

Telephone Utilities

Summary

Company Headquarters	Number of Florida Exchanges	Florida Access Lines	Percent of State Total	Access Line Percent Growth From Previous Year
ALLTEL FLORIDA, INC. Live Oak, Florida	27	50,202	.69%	5.5
CENTRAL TELEPHONE COMPANY OF FLORIDA Tallahassee, Florida	35	261,748	3.6	7.8
FLORALA TELEPHONE COMPANY Florala, Alabama	2	1,658	.02	3.6
GTE FLORIDA, INC. Tampa, Florida	24	1,640,843	22.61	4.8
GULF TELEPHONE COMPANY Perry, Florida	2	7,362	.10	4.6
INDIANTOWN TELEPHONE SYSTEM, INC. Indiantown, Florida	1	2,326	.03	13.2
NORTHEAST FLORIDA TELEPHONE COMPANY Maclenny, Florida	2	5,297	.07	4.6
QUINCY TELEPHONE COMPANY Quincy, Florida	3	8,689	.12	3.7
ST. JOSEPH TELEPHONE & TELEGRAPH COMPANY Port St. Joe, Florida	13	21,020	.29	4.2
SOUTHERN BELL TELEPHONE & TELEGRAPH COMPANY Miami, Florida	103	4,249,345	58.55	5.5
SOUTHLAND TELEPHONE COMPANY Atmore, Alabama	2	2,934	.04	2.4
UNITED TELEPHONE COMPANY OF FLORIDA Altamonte Springs, Florida	68	1,000,874	13.79	7.2
VISTA-UNITED TELECOMMUNICATIONS Lake Buena Vista, Florida	1	5,373	.07	28.1
	283	7,257,401		6.0

DIVISION OF

Electric & Gas

Joe Jenkins, Director

The Division of Electric and Gas is responsible for providing technical information, advice and assistance in the accounting, engineering and rate areas regarding the regulation of the electric and gas industries. The division is responsible in informal proceedings for analysis of testimony and exhibits, developing cross-examination and direct testimony, and preparing recommendations concerning the disposition of electric and gas matters.

Electric Utility Rate Level Regulation

During 1989, two investor-owned utility rate cases were finalized, one rate case was withdrawn and one rate case was opened and will be processed during 1990. The involved utilities filed the necessary documents for the processing of rate proceedings under Section 366.06, F.S.

Florida Public Utilities Company, Marianna Division (FPUC-M), filed its petition on October 3, 1988. The Commission last set general rates for FPUC-M in 1978. A total increase of $690,888 was requested by the utility to bring the overall company rate of return to 9.13%.

The utility also requested interim rate relief under Section 366.071, F.S., totalling $592,505 that would yield a return of 8.98%. The Commission voted on November 29, 1988 to suspend the permanent rate increase pending hearings and to grant an interim increase of $473,603.

On May 25, 1989, the Commission voted to authorize FPUC-M to increase its rates and charges $539,720 annually. This increase was based on an overall rate of return of 8.91% that included a return on equity of 13.35%. The Commission also concluded that the interim increase was appropriate and that no refund was necessary.

Florida Public Utilities Company, Fernandina Beach Division (FPUC-FB), filed its petition on February 20, 1989. This was the first filing by FPUC-FB for a general increase in rates. A total increase of $908,662 was requested by the utility to bring the overall company rate of return to 9.63%.

The utility also requested interim rate relief under Section 366.071, F.S., totalling $561,600 that would yield a return of 9.80%. The Commission voted on April 18, 1989 to suspend the permanent rate increase pending hearings and to grant an interim increase of $456,195.

On October 10, 1989, the Commission voted to authorize FPUC-FB to increase its rates and charges $579,872 annually. This increase was based on an overall rate of return of 9.25% that included a return on equity of

12.85%. The Commission also determined that the interim rate increase was excessive and required a refund of $67,725 on an annual basis.

Gulf Power Company (Gulf) filed its petition on November 14, 1988. The Commission last set general rates for Gulf in 1984. A total increase of $25,793,000 was requested by the utility to bring the overall company rate of return to 8.63%.

The utility also made a request for interim rate relief of $18,188,000 pursuant to the "File and Suspend" law, Section 366.06(3), F.S., instead of the "Interim Rate" statute at Section 366.071, F.S. The Commission voted on January 3, 1989 to suspend the permanent rate increase pending hearings. The Commission also voted to deny Gulf's request for "interim" rate relief, citing the lack of any compelling reasons to deviate from the normal interim procedure in Section 366.071, F.S.

On June 9, 1989, Gulf filed a Notice of Voluntary Dismissal of the rate case. In its notice, Gulf cited the difficulties that it faced in presenting its request for rate relief during the pendency of several grand jury investigations. On July 11, 1989, the Commission voted to close the docket.

Subsequently on December 15, 1989, Gulf filed another petition for rate relief. A total increase of $26,295,000 was requested by the utility to bring the overall company rate of return to 8.34%.

The utility also requested interim rate relief under Section 366.071, F.S., totalling $22,847,000 that would yield a return of 8.28%. This request is based on a year end rate base and a 13.00% return on equity. The Commission will vote on suspending the permanent rate increase and on granting any interim rate relief in February 1990.

Service hearings will be held in the utility's service territory in April 1990. Commission hearings to determine the final level of increase to be granted are scheduled for June 1990.

During its sunset review of the Public Service Commission, the Florida Legislature enacted Section 366.06(3)(a), Florida Statutes, which requires that each public electric utility with total annual sales in excess of one million megawatt-hours file a report every four years, or four years from its most recently completed rate case. All other public electric utilities are required to file on a five year basis. The report is to consist of, at a minimum, the modified minimum filing requirements (MMFR) then required by the Commission by rule, for rate proceedings pursuant to Section 366.06, Florida Statutes. Copies of the report are to be served on the Public Counsel and each party to the utility's most recent rate case concurrently with a filing with the Commission. Within 10 days of the receipt of the report, the Commission must make copies available to the public at no more than the actual costs of reproducing the report.

Section 366.06(3)(b), Florida Statutes, requires that the Commission implement this reporting procedure for all public utilities within 18 months of the effective date of the act, which is October 1, 1989. To accomplish this im-

plementation, approximately one-third of the public utilities are required to file each six months after the effective date of the act. One criterion in determining the order of filing shall be the time interval since each utility's last rate case.

As a result of this requirement, Gulf Power Company and Florida Power & Light Company were ordered to file MMFRs by March 30, 1990. In addition, Florida Power Corporation was ordered to file MMFRs by March 30, 1990 due to concerns about its level of earnings. Gulf Power Company, however, is no longer required to file the MMFRs because it has filed a complete set of minimum filing requirements in its request for rate relief.

The Federal Tax Reform Act decreased the top corporate income tax rate from 46% to 34%, effective July 1, 1987. The Act also repealed the investment tax credit, introduced a new depreciation system, the Modified Accelerated Cost Recovery System, and introduced a new corporate alternative minimum tax.

In 1987 and 1988, the PSC adopted electric returns on equity to be used to determine the amount of any tax savings that would be refunded to the ratepayers. The returns on equity to be utilized are shown below.

As a direct result of the use of these lower returns on equity in the calculations of the potential tax savings to be refunded, actual refunds were made in 1989 for the tax savings realized in 1988. The following tax savings refunds, excluding interest were made during 1989: FPL - $38.2 million; GPC - 0; and TECO - $20.8 million. In addition, the following permanent rate reductions, related to the tax savings, were implemented effective January 1, 1990: FPL - $38.5 million; and TECO - $22.0 million.

After a review of the utilities' calculations, it was determined that the amount already refunded by TECO was appropriate. For FPL and GPC, however, hearings are to be held in May 1990 to determine the appropriate amount to be refunded.

Because of the rate reductions that were implemented, FPL and TECO will no longer be subject to the tax savings rule after the 1989 tax year. Similarly, Florida Power Corporation's tax savings are reflected in base rates and the tax rate is not applicable to this utility.

		RETURN ON EQUITY For Tax Savings Purposes		
Electric Utilities	Authorized	1987	1988	1989
Florida Power & Light Company	15.60%	13.60%	13.60%	13.60%
Florida Public Utilities Company				
Fernandina Beach	--	13.70%	13.70%	13.50%
Marianna	13.25%	13.25%	13.25%	13.25%
Gulf Power Company	15.60%	13.60%	13.75%	13.75%
Tampa Electric Company	14.50%	13.60%	13.60%	13.60%

Fuel Cost Recovery

Fuel cost recovery proceedings continue to be held twice a year to examine utility fuel cost, fuel transportation costs and costs related to system operations. In addition, hearings were held with Florida Power Corporation to address policy issues relating to how the Commission should determine the reasonableness of the price of fuel purchased from affiliates. The hearings also addressed the prudence of certain transactions between Florida Power Corporation and affiliated coal companies. Similar hearings were held in 1988 with Tampa Electric Company. The Commission determined that Florida Power Corporation was overcharged $5.8 million by affiliated companies providing fuel related services and ordered that amount plus interest to be refunded. Including interest, the ratepayers will receive a refund in excess of $8 million. In addition, the Commission implemented a market pricing system for all fuel transactions with affiliates for which comparable market prices can be found or constructed. A regulated cost allocation methodology was implemented in situations where a comparable market price does not exist. These methodologies replace a cost plus guaranteed profit pricing mechanism previously used in affiliated transactions.

Natural Gas Utility Rate Level Regulation

One gas utility rate case was completed during 1989. West Florida Natural Gas Company requested an increase of $1,109,227 (revised to $1,814,634). The Commission granted the Company an increase of $1,518,271 and authorized a Rate of Return on Equity of 13.50%.

During 1989, the Commission again adopted gas returns on equity to be used to determine the amount of tax that would be refunded to ratepayers. The returns on equity to be used are in the chart below.

Florida Natural Gas Utilities

	Return on Equity / For Tax Savings Purposes	
Utility	Authorized Last Rate Case	New
City Gas	15.75%	13.70%
Florida Public Utilities	14.50%	13.50%
Miller Gas	15.75%	13.70%
Palm Beach County	16.25%	13.70%
Peoples Gas System	14.25%	13.70%
Plant City	16.70%	13.70%
Southern Gas	15.75%	13.70%

The following table is a listing of utility expenditures for conservation and conservation cost recovery factors per KWH or natural gas therm:

Commission Regulated Florida Electric and Gas Utilities

Estimated Conservation Cost Recovery

1989

	Amount Spent*	Average Recovery Factor- Cents / KWH or Cents / Therm
Florida Power Corporation	$ 41,983,856	.180
Florida Power & Light	28,234,003	.047
Florida Public Utilities **	100,603	.024
Gulf Power Company	2,284,038	.030
Tampa Electric Company	13,287,412	.119
Central Florida Gas	277,091	.305
City Gas Company	1,146,004	1.431
Gainesville Gas Company	471,449	1.633
Peoples' Gas System	3,408,467	0.687
Southern Gas Company	135,063	0.614
St. Joe Natural Gas	47,525	0.399
West Florida Natural Gas	543,119	1.637
Total	$91,868,630	

*For electrics, the above includes actual amounts for January - May, and projected amounts for June - Dec.
**Marianna and Fernandina Beach divisions are combined.
***For natural gas, the above includes actual amounts for January - November and a projected amount for December.

Loan Programs

The loan guarantee program allows the Florida Public Service Commission to use up to $5 million of Regulatory Trust Fund monies to guarantee loans made by utilities or financial institutions to customers who purchase and install approved cost-effective energy conservation measures.

A. Loan Guarantee Program:

Five utilities have been approved for and are participating in the loan guarantee program. Under this program, the FPSC is required to maintain reserves equal to 5 percent of the outstanding principal loan balances.

Following is a summary of the FPSC Utility Loan Guarantee Program as of June 30,1989:

Total number of loans	4,258
Total amount of loans made to date	$9,885,007
Total amount of loans repaid	$7,691,965
Total amount of defaulted loans	$ 30,163
Principal outstanding balance	$2,162,879

B. Energy Conservation Loan Test Program:

Modeled after the successful Loan Guarantee Program, the Energy Conservation Loan Test Program is designed to promote additional energy conservation in Florida. The Florida Public Service Commission by Order No. 16539, issued on September 3, 1986, initiated the loan test program. This program is designed to provide a guarantee and subsidy of loans by financial institutions to home owners or occupants in order to encourage retrofitting of existing housing to improve the efficiency of energy usage.

Investor-owned, municipal, and cooperative electric and gas utilities are eligible to adopt the test program and coordinate with financial institutions to promote and make loans to utility customers. Financial institutions may participate in the test program via an approved utility program and receive from the Commission a 4% interest subsidy and guarantee of loans covered by the program.

Gulf Power Corporation, Florida Public Utilities, Tampa Electric Company, Florida Power Corporation, Gainesville Regional Utilities, Lee County Cooperative, Lakeland Electric and Water, and the City of Tallahassee Utilities have been approved to participate in the loan test program. Participating financial institutions have been approved to loan $18,725,000 for residential conservation measures. As of June 30, 1989, the participating financial institutions have originated $9,841,219 in energy conservation loans, and the PSC has paid a total of $807,126 in interest subsidy payments to these financial institutions.

Christmas Rotating Blackouts

Just before and during Christmas 1989, an unprecedented cold wave invaded Florida. Cold snaps have visited Florida before. What was unprecedented was the duration of the cold. Homes in central and southern Florida lost their heat buildup and heating demands grew as never before experienced. Peninsular Florida electric utilities had to initiate rotating blackouts as the demand exceeded available generating capacity. The rotating blackouts prevented the whole peninsula from blacking out, although the situation was precarious. A workshop was held on the outages and a staff report with recommendations is to be filed in February, 1990. A preliminary estimate is that $2 billion worth of peaking units, plus high cost oil fuel, were needed to have prevented the rotating blackouts during the unprecedented cold spell. This expenditure is not believed to be worth it if the units built were to sit idle awaiting the next "unprecedented" cold wave.

Annual Planning Hearings

Pursuant to Chapter 403, Florida Statutes, the Commission is charged with the responsibility for determining the need for power plants proposed to be constructed by electric utilities in Florida. Considering only individual power plant applications does not provide the Commission with an adequate statewide perspective of the need for additional generation and transmission facilities. As an improvement to this process, the Commission initiated hear-

ings on load forecasts, generation expansion planning studies and cogeneration prices. In doing so, the Commission seeks to implement the legislative mandate of Chapter 366.04(3), Florida Statutes, to exercise jurisdiction over the "planning, development, and maintenance of a coordinated electric power grid throughout Florida to assure an adequate and reliable source of energy for operational and emergency purposes in Florida and the avoidance of further uneconomic duplication of generation, transmission, and distribution facilities."

In 1985, the Public Service Commission changed the previous Conservation Planning (Demand Side) and Annual Planning (Supply Side) Workshops to a single Annual Planning Hearing. A more formalized process of a hearing instead of workshops is necessary for the Commission to adequately address the increasingly complex conservation and cogeneration issues that have an impact on coordinated statewide planning. One of the primary purposes of this process is to identify an avoided unit for determining avoided cost payments to cogenerators.

Utilities in the panhandle of the state are interconnected with and jointly plan with the Southern Company utilities. Therefore, Gulf Power Company and several North Florida rural electric cooperatives are treated separately in the 1989 Planning Hearing. The appropriate generation expansion plan for these utilities will be based on the plans of the Southern Company.

Public hearings were held in March, 1989, at which time the Commission heard testimony from 15 witnesses and FPSC staff. On October 16, 1989, the Commission approved the following:

1. The designated statewide avoided unit is FPL's 385 MW combined cycle unit with an in-service date of January 1, 1993.
2. A seventy percent capacity factor is adopted for computation of capacity payments to qualifying facilities.
3. Subscription to standard offer cogeneration contracts should be limited to the number of megawatts upon which the offers are based. Thus, the subscription limit associated with the 1993 avoided unit is set at 385 MW.

Testimony was presented at the first annual planning hearing that more than a year's period of time is needed to prepare and evaluate the complex forecast studies and generation expansion plans which are the basis of the statewide avoided unit decision. A biennial planning hearing will allow the preparation of a sound statewide generation expansion plan as well as afford all interested parties an ample opportunity to conduct meaningful discovery on those studies once complete.

Energy Broker and Expanded Broker

The Energy Broker and the Expanded Broker systems continue to provide tremendous savings to Florida's ratepayers. Since the inception of the Energy Broker in 1978 and the Expanded Broker in 1982, fuel savings are shown in the chart on the following page.

Energy Broker and Expanded Broker

Year	Energy Broker	Expanded Broker	Total
1978	$ 16,502,000		$ 16,502,000
1979	22,195,000		22,195,000
1980	43,251,000		43,251,000
1981	62,164,000		62,164,000
1982	64,154,000	$ 4,450,000	68,604,000
1983	55,614,000	14,177,000	69,791,000
1984	44,892,000	9,941,000	54,833,000
1985	60,433,000	16,857,000	77,290,000
1986	24,832,000	13,000,000	37,832,000
1987	40,652,000	13,605,000	54,257,000
1988	33,119,000	8,487,000	41,606,000
1989*	*$ 21,916,000	*3,681,000	*25,597,000
Total	$489,724,000	$ 84,198,000	$573,922,000

* through July

The Energy Broker was an early "spinoff" from the Central Dispatch Study initiated in 1977 by the FPSC in conjunction with the Florida Electric Power Coordinating Group. The Energy Broker, a computerized system, begins when each utility, by telephone, quotes its fuel cost for the next hour at approximately twenty minutes before the hour. The Energy Broker then matches the high-cost quotes with the low-cost quotes in a manner that reduces overall cost to all utilities, both individually and collectively. Just prior to the hour, the energy broker identifies the number of kilowatt hours to be generated by each utility for the next hour. Energy brokering is a modified version of a computerized central dispatch. This original Florida concept has received national attention and, in 1979, the FPSC was the recipient of a U.S. Department of Energy Certificate of Appreciation for its activities in this area.

The Expanded Broker has extended the idea of an hour-by-hour broker operation to include peninsular unit commitment scheduling for periods of up to seven days. The basic Energy Broker operation requires the buying utility to have on-line generating capacity to replace the purchased megawatts should the selling utility experience a generating failure. With the Expanded Broker operation, the backup generating capacity requirement would be assigned on a peninsular basis instead of a utility-by-utility basis. The savings, in dollars and oil, of assigning unit commitments on a peninsular basis are large. Experimental Expanded Broker interchanges began in November, 1982. Permanent implementation began on June 1, 1984.

Qualifying Facilities and Cogeneration

A qualifying facility is defined as either a cogeneration facility or a small power production facility. A cogeneration facility is a facility where waste steam from an industrial process is used to generate electricity. A small power production facility is a facility whose capacity is no greater than 80 megawatts and whose primary source of fuel is biomass, waste, renewable resources or geothermal energy. The purchase of power from qualifying facilities results in disbursed electrical generating units that are electrically interconnected to the statewide transmission grid and operate synchronously with electric utility generating units. The Commission has pushed aggressively for utilities to identify potential qualifying facilities or their functional equivalent. As of August, 1989, Florida has approximately 860 MW of committed firm capacity under contract from qualifying facilities. In addition, approximately 50 qualifying facilities provide non-contractual energy to the Florida grid.

By its enactment of the Public Utility Regulatory Policy Act of 1978 (PURPA), the Congress of the United States required that the Federal Energy Regulatory Commission promulgate rules implementing PURPA and further required that each state regulatory commission develop procedures by which it would implement the FERC's rules.

As a result of the FPSC's 1981 and 1983 hearings designed to develop procedures to implement the FERC's rules, the Commission promulgated rules regarding Utilities' Obligation With Regard to Cogenerators and Small Power Producers, Rule 25-17.080, F.A.C., et. seq.

In March, 1989, the Commission passed a rule in response to legislation passed in the 1988 legislative session regarding the purchase of power from governmentally owned small power producing solid waste facilities. The intent of the legislation and the rule is to provide incentives for the development of environmentally sound methods of disposing of solid waste without imposing undue risk or cost to the electric consumers in Florida.

In September, 1989, FPSC staff held a workshop on Staff's proposed changes to the Commission's rules on qualifying cogeneration facilities and small power producers. In response to legislation passed in the 1989 legislative session, Staff's proposed rules eliminate the risk factor and allow levelized payments for all qualifying facilities. Staff is also proposing changes such as basing payments to cogenerators on individual utility avoided units and allowing factors such as tax rates to track future changes in these factors. These changes are designed to ensure that qualifying facilities will be paid true avoided costs. The Commission will hold a public hearing on the proposals in January, 1990.

Federal Activities Regarding Qualifying Facilities

In March, 1988, the Federal Energy Regulatory Commission (FERC) issued three Notices of Proposed Rulemakings (NOPRs). Under the authority of the Public Utilities

Regulatory Policy Act (PURPA), the FERC proposed changes to their rule on the administrative determination of full avoided cost and introduced new rules regarding competitive bidding and independent power producers.

In response to the NOPRs, the FPSC submitted extensive written comments and appeared at FERC hearings to argue against the sweeping restrictive and preemptive effects of the proposed rules. The proposed rules would severely compromise Florida's existing policy regarding cogeneration and small power production and would also severely restrict the ability of the FPSC to develop future policies regarding cogeneration and small power production.

Gas Regulation
Florida Gas Transmission Expansion

The Commission Staff has been active in intervention before the FERC in Florida Gas Transmission's (FGT) plans for expansion of its system. FERC authority was granted for Phase I of the expansion, which has been implemented and brought FGT's capacity to 835,000 million cubic feet per day (Mcfd). The Phase II proposed settlement, with agreement and support of all parties is pending after a year. If approved by the FERC Phase II will authorize expansion of the FGT system by an additional 100,000 Mcfd of capacity. The Phase II proposed settlement also makes firm transportation service available for the first time to all FGT's customers.

FGT filed four related applications with the FERC on January 13, 1989, to bring open access transportation to its system.[1] The applications provided for none-discriminatory firm, preferred interruptible and interruptible transportation and give customes the opportunity to nominate the type and level of service desired. Customers will also be free to structure gas supply contracts with FGT, independent producers, brokers or marketers. Contracts can be tailored to meet the requirements of individual customers with respect to price, security of supply, volumes, etc.

FGT's filings will bring two-part rates (demand, commodity) to Florida to replace current volumetric rates, consistent with FERC requirements for open-access pipelines. After FGT's new rates are approved, customers will renominate service levels for firm, preferred interruptible, interruptible sales and transnportation in light of the new rate for each service. Because there will then be a cost associated with reserving firm capacity, some customers may elect to turn back excess firm capacity for reallocation to others.

On September 1, 1989, FGT filed an interim offer of settlement with the FERC in Docket No. RP89-50-000, et al. to establish interim settlement rates to be effective January 1, 1990. The interim settlement provides that it will remain in effect until resolution of the

[1] *Docket Nos. CP68-179-013 allocatiom of firm capacity, CP89-555-000 establish initial levels of services under all existing rate schedules, CP89-556-000 redefine general terms and conditions of service, and RP89-50-000, et al. rate design and cost allocation.*

issues in the consolidated proceedings (those specifically reserved under Article IV of the Stipulation and Agreement) or no later than September 30, 1990.

The FERC found that the interim settlement was reasonable in its order issued November 30, 1989 and should be allowed to take effect. This will ensure rate certainty for FGT's customers while the parties are continuing their efforts to resolve the issues in the proceedings in Docket No. RP89-50-000.

Natural Gas Flex Rates

Flex rates as approved by this Commision allow natural gas utilities to reduce their rate to interruptible customers below the tariff rate, down to the point at which all fuel costs and the variable non-fuel costs are covered and allows for recovery of those revenues that result from applying a rate other than the interruptible tariff rate from flexing ratepayers, non-flex ratepayers and shareholders.

The revenues associated with the flex rate provision for 1989 amounted to over $ 3.5 million.

Florida Gas Transmission Take-Or-Pay-Buy-Out and Buy-Down Recovery

In the Federal Energy Regulatory Commission (FERC) Docket No. RP88-253-000, Florida Gas Transmission (FGT) proposed to implement procedures to flow through to only its firm sales customers those fixed take-or-pay charges billed to it by Southern Natural Gas Company (SONAT) in Docket Nos. RP88-96, RP88-210, and RP88-229. SONAT allocated the take-or-pay costs based onits customers' firm purchase deficiencies. FGTs' allocated share of SONAT's take-or-pay costs, not including interest is over $30 million, to be recovered by a fixed monthly payment over five years.

FGT proposed to recover these costs through a fixed take-or-pay charge allocated only among its firms sales customers. On October 28, 1988, the FERC accepted and suspended FGT's proposal, conditioned upon FGT filing revised tariff sheets to reflect the inclusion of interruptible customers in the allocation of the flow through of take-or-pay costs. The FERC's requirement that FGT allocate a portion of these costs to its interruptible customers was, in part, based on this Commissions intervention that all customers share in the take-or-pay costs, and that an exception to the as-billed policy was justified in the case of FGT. The FERC stated that irs general requirement in Order No. 500 that these costs be allocated only to firm sales customers is based on the assumption that pipelines acquire long-term supplies in order to serve their firm sales customers and accordingly that take-or-pay obligations were incurred primarily to serve those customers. However, the FERC found in this case that factual assumption does not apply. FGT's system was originally built and was certified by the FERC primarly to serve interruptible transportation and sales markets in Florida, and it continues to serve a market that is primarily interruptible. Accordingly, the FERC concluded that FGT's interruptible sales customers

should pay an equitable share of its take-or-pay costs. This Commission is now faced with the question of the recovery of such costs by the Local Distribution Companies (LDCs) under its jurisdiction. Put another way, should the Purchased Gas Adjustment (PGA) for firm and interruptible customer of LDCs include recovery of passthrough take-or-pay costs billed by FGT for payments made to SONAT. This question will be addressed by this Commission during its PGA True-up hearings in February 1990, in Docket No. 890003-GU.

Gas Safety

In 1989, 20 written notifications of gas safety violations were issued. These notifications cited 67 rule violations ranging from improper pipe materials to failure, to train operational personnel. All violations have either been corrected or scheduled for correction pursuant to the Commission's Standard Operating Procedures. The staff's pipeline safety evaluations covered 73 natural gas systems with approximately 15,501 miles of mains and 469,600 natural gas customers.

Damage by outside force (pipelines cut or damaged by others engaged in excavation activities) to natural gas pipelines continues to be the leading gas safety issue in Florida, as well as the rest of the country. Florida now has a statewide one-call system for location of pipelines and other utilities.

If past experience with local one-call systems holds true for statewide use the number of outside force incidents should decline. This decline should accelerate as more utilities, contractors and governments participate in the one-call system.

Natural Gas Accidents & Incidents*

Year	Number of Gas Systems Reporting	Number of Incidents	Number of Injuries	Number of Fatalities	Outside Force
1980	12	17	6	6	13
1981	13	29	36	1	14
1982	12	29	12	2	11
1983	5	20	8	0	14
1984	8	18	1	0	14
1985	12	25	3	2	17
1986	7	16	2	0	14
1987	8	16	5	2	13
1988	8	19	1	0	18
1989	10	28	3	0	26
Totals	95	217	77	13	154

*Natural gas accidents and outside force incidents reported to the Commission during the 1980's.

Electric Safety

The Bureau of Electric Safety was established in August, 1986 pursuant to legislation enacted July 1, 1986. The Bureau is comprised of the Bureau Chief, three engineering supervisors, eight engineers, and a secretary.

The commission rule implementing the 1986 legislation became effective in August, 1987. In March, 1987, the electric utilities began reporting their completed transmission and distribution work order numbers of work that was completed after July, 1986. A total of 8,227 inspections have been completed on random sampled numbers from the 72,490 work order numbers processed this year. New construction (completed after July 1, 1986) accounted for 1,476 variances from the National Electrical Safety Code. In addition, 2,070 code variances found on old construction were reported to utilities for corrective action.

There were 188 fatal accidents that involved automobiles striking poles in 1988 investigated. Ten territorial disputes and two agreements were settled. Inspection of 1,003 pay telephone installations were completed.

Public Electric Contact Injuries*

Year	Number of Accidents	Number of Injuries	Number of Fatalities	Construction Related Injuries	Construction Related Fatalities	Non-Construction Related Injuries	Non-Construction Related Fatalities
1981	74	71	15	30	5	41	10
1982	58	45	19	12	5	33	14
1983	39	30	17	7	5	23	12
1984	39	30	17	16	4	14	13
1985	38	35	17	11	3	24	14
1986	46	36	15	7	9	29	6
1987	54	53	23	10	7	43	16
1988	46	39	17	18	0	21	17
1989	52	43	14	11	5	32	9

*Public electric contact injuries from 1981 through 1989. Not shown are numerous injuries and fatalities due to vehicles striking poles for which electrical contact was not made.

Regulated Investor-Owned Electric Utilities

1989 Operating Statistics

ELECTRIC UTILITY (TOTAL SYSTEM)	GROSS PLANT IN SERVICE	OPERATING REVENUES	OPERATING EXPENSES	NET OPERATING INCOME	END OF PERIOD NUMBER OF CUSTOMERS
FLORIDA POWER CORPORATION	$4,122,917,656	$1,626,998,638	$1,350,270,934	$276,727,704	1,129,078
FLORIDA POWER & LIGHT COMPANY	10,964,597,692	4,946,290,617	4,236,159,309	710,131,308	3,122,859
FLORIDA PUBLIC UTILITIES COMPANY	31,152,433	29,572,228	27,673,168	1,899,060	20,099
GULF POWER COMPANY	1,432,421,369	488,576,711	405,723,557	82,853,154	285,320
TAMPA ELECTRIC COMPANY	2,233,201,598	934,645,617	778,863,957	155,781,660	453,455
TOTAL ELECTRIC UTILITY	**$18,784,290,748**	**$8,026,083,811**	**$6,798,690,925**	**$1,227,392,886**	**5,010,811**

Florida Investor-Owned Electric Utility
Purchased Fuel Cost

Expressed in Dollars Per Unit and Cents Per KWH

YEAR	HEAVY OIL		LIGHT OIL		COAL		NATURAL GAS	
	$/BBL	¢/KWH	$/BBL	¢/KWH	$/TON	¢/KWH	$/MCF	¢/KWH
1974	11.10	1.79	12.27	3.60	16.70	0.73	0.60	0.66
1975	11.58	1.87	12.76	3.74	23.39	1.02	0.74	0.81
1976	11.34	1.83	13.63	4.00	25.52	1.12	0.85	0.94
1977	13.27	2.14	15.00	4.40	29.38	1.29	0.88	0.97
1978	12.30	1.98	15.49	4.54	34.63	1.52	1.04	1.14
1979	18.23	2.94	29.40	8.62	38.43	1.68	1.20	1.32
1980	23.26	3.77	33.23	9.74	42.61	1.86	1.31	1.44
1981	28.32	4.57	46.67	13.68	53.23	2.33	2.15	2.37
1982	27.73	4.47	51.27	15.03	56.69	2.48	2.21	2.43
1983	27.52	4.44	35.34	10.36	57.84	2.53	2.91	3.20
1984	29.39	4.47	34.57	10.13	57.02	2.49	3.43	3.77
1985	24.94	4.02	32.62	9.56	57.01	2.49	3.28	3.61
1986	13.51	2.18	19.55	5.73	53.01	2.31	2.03	2.23
1987	18.14	2.93	23.58	6.91	48.82	2.13	2.70	2.97
1988	13.88	2.24	20.94	6.14	48.33	2.11	2.05	2.25
1989	17.16	2.77	24.90	7.30	48.48	2.12	2.43	2.67

Sources: 1974-1980 FERC Form 423 / 1981-1989 Monthly Fuel Adjustment Filings

Notes: MCF=Thousand Cubic Feet;One BBL=42 Gallons / One Ton=2,000 Pounds

Conversion: Heavy Oil 6,300,000 BTU's Per Barrel - 10,000 BTU's Per KWH

Light Oil 5,800,000 BTU's Per Barrel - 17,000 BTU's Per KWH

Coal 11,450 BTU's Per Pound - 10,000 BTU's Per KWH

Residential Electric Rate Changes

1989

Fuel Cost in ¢ / KWH
Bill in $ for 1000 KWH
No Changes for Months Not Listed

	JANUARY		APRIL		JUNE		AUGUST		OCTOBER	
	FUEL	BILL	FUEL	BILL	FUEL	BILL	FUEL	BILL	FUEL	BILL
FPL	1.754¢	$74.90	1.780¢	$74.04	2.252¢	$78.76	No Change		1.971¢	$74.84
FPC	2.055¢	$65.74	2.073¢	$66.59	No Change		2.470¢	$70.56	2.466¢	$71.12
TECO	2.642¢	$81.57	2.597¢	$80.46	No Change		No Change		2.338¢	$78.12
GULF	2.419¢	$62.17	2.099¢	$59.12	2.099¢	$64.80	No Change		2.147¢	$59.36

Investor-Owned Utilities

Typical Electric Bill Comparisons

Residential Service - December 31, 1989

UTILITY	Minimum Bill or Customer Charge	KWH 100	250	500	750	1000	1500
Florida Power & Light Company	$5.65	$12.32	$22.32	$39.00	$55.67	$74.84	$113.19
Florida Power Corporation	5.32	11.83	21.72	38.19	54.65	71.12	104.06
Tampa Electric Company	7.00	14.11	24.78	42.56	60.34	78.12	113.68
Gulf Power Company**	6.25	11.56	19.53	32.81	46.08	59.36	85.92
Florida Public Utilities Company							
Marianna Division	6.65	12.51	$21.30	35.95	50.60	65.25	94.55
Fernandina Beach Division	7.00	14.55	25.89	44.77	63.66	82.54	120.31

**Excluding Local Taxes/ October 1989 - March 1990 Fuel Costs are Included*

***Summer / Winter Rates in Effect - Winter Rates are Shown*

Municipal Utilities

Typical Electric Bill Comparisons *

Residential Service - December 31, 1989

MUNICIPAL UTILITIES	Minimum Bill or Customer Charge	KWH 100	250	500	750	1000	1500
Alachua	$8.00	$15.04	$25.60	$43.20	$60.80	$78.40	$113.60
Bartow	5.50	12.63	23.33	41.16	58.98	76.81	112.47
Blountstown	3.50	9.85	19.37	35.24	51.10	66.97	98.71
Bushnell	6.50	13.74	24.60	42.70	60.80	78.90	115.10
Chattahoochee	3.00	8.75	17.38	31.76	46.14	60.52	89.28
Clewiston	6.50	13.23	23.33	40.15	56.98	73.80	107.45
Fort Meade	6.80	14.50	26.05	45.30	64.55	83.80	122.30
Fort Pierce	5.00	11.87	22.18	39.36	56.53	73.71	108.07
Gainesville	4.71	11.33	21.25	37.80	54.34	71.86	106.89
Green Cove Springs	6.00	13.85	25.62	45.23	64.85	84.46	123.69
Havana	6.00	14.99	28.47	50.94	73.40	95.87	140.81
Homestead	5.50	13.47	25.43	45.35	65.28	85.20	125.05
Jacksonville	5.50	11.97	21.68	37.85	54.03	70.20	102.55
Jacksonville Beach	4.50	11.58	22.20	39.90	57.60	75.30	110.70
Key West	4.76	12.64	24.46	44.16	63.86	83.56	122.96
Kissimmee	4.94	13.51	26.37	47.80	69.22	90.65	133.51
Lake Worth	2.65	10.25	21.66	40.67	59.68	78.69	116.71
Lakeland	4.00	11.33	22.31	40.63	58.94	77.25	113.88
Leesburg	5.00	11.87	22.18	39.35	56.53	73.70	108.05
Moore Haven	8.50	17.65	31.38	54.25	77.13	100.00	145.75
Mount Dora	5.98	8.15	20.38	40.76	61.13	81.51	122.27
New Smyrna Beach	4.55	12.34	24.03	43.52	63.00	82.48	121.45
Newberry	5.00	13.00	25.00	45.01	65.01	85.01	125.02
Ocala	7.00	13.65	23.64	40.27	56.91	73.54	106.81
Orlando	4.50	11.61	22.27	40.04	57.80	75.57	111.11
Quincy	2.10	7.36	15.26	28.42	41.57	54.73	81.05
Reedy Creek	2.85	9.32	19.02	35.20	51.37	67.54	99.89
Sebring	9.10	18.17	31.78	54.45	77.13	99.80	145.15
Starke	6.45	13.67	24.50	42.55	60.60	78.65	125.75
St. Cloud	7.50	13.82	24.40	45.70	67.00	88.30	130.90
Tallahassee	3.89	11.36	22.57	41.24	59.92	78.59	115.94
Vero Beach	7.20	13.36	22.61	38.02	53.43	68.84	99.66
Wauchula	8.75	16.83	28.96	49.17	69.37	89.58	130.00
Williston	6.00	14.23	26.58	47.16	67.73	88.31	129.47

**Excluding Local Taxes / December 1989 Fuel and Purchased Power Costs are Included*

Cooperative Utilities

Typical Electric Bill Comparisons*

Residential Service - December 31, 1989

COOPERATIVE UTILITIES	Minimum Bill or Customer Charge	KWH 100	250	500	750	1000	1500
Central Florida	$8.50	$15.30	$25.50	$42.50	$59.50	$76.50	$110.50
Choctawhatchee	11.85	18.11	27.51	43.16	58.82	74.47	105.79
Clay	7.00	14.91	26.78	46.55	66.33	86.10	125.65
Escambia River	7.00	13.05	22.13	37.26	52.38	67.51	97.77
Florida Keys	5.60	12.42	22.66	39.71	56.77	73.82	107.93
Glades	8.50	16.95	29.63	50.75	71.88	93.00	135.25
Gulf Coast	6.50	13.52	24.05	41.60	59.15	76.70	111.80
Lee County	5.00	13.37	25.93	46.85	67.78	88.70	130.55
Okefenoke	6.09	13.99	25.83	45.57	65.32	85.06	124.54
Peace River	10.00	18.39	30.98	51.97	72.95	93.93	135.90
Sumter	8.50	16.99	29.73	50.95	72.18	93.40	135.85
Suwannee Valley	8.50	16.94	29.60	50.70	71.80	92.90	135.10
Talquin	7.50	14.84	25.85	44.20	62.55	80.90	117.60
Tri-County	8.00	17.00	30.50	53.00	75.50	98.00	143.00
West Florida	6.97	14.09	24.77	42.57	60.37	78.17	113.77
Withlachoochee	8.50	15.65	26.37	44.23	62.10	79.96	115.69

**Excluding Local Taxes / December 1989 Fuel and Purchased Power Costs are Included*

Investor - Owned Utilities

Typical Electric Bill Comparisons*

Commercial/Industrial - December 31, 1989

	KW DEMAND						
			75	150	500	1000	2000
	KWH						
UTILITY	750	1,500	15,000	45,000	150,000	400,000	800,000
Florida Power & Light Company	$64	$119	$1,136	$2,994	$9,651	$23,583	$47,166
Florida Power Corporation	55	104	974	2,487	8,367	20,391	40,704
Tampa Electric Company	60	114	1,175	2,948	9,745	23,812	47,454
Gulf Power Company**	70	132	916	2,226	7,613	18,133	36,215
Florida Public Utilities Company							
Marianna Division	56	102	812	2,220	7,319	18,811	37,587
Fernandina Beach Division	69	128	1,203	3,400	11,246	29,336	58,634

**Excluding Local Taxes / October 1989 - March 1990 Fuel Costs are Included*

***Summer / Winter Rates in Effect - Winter Rates are Shown*

Municipal Commercial / Industrial

Bill Comparison - December 31, 1989

MUNICIPAL UTILITIES	KW DEMAND / KWH	750	1,500	75 15,000	150 45,000	500 150,000	1000 400,000	2000 800,000
ALACHUA		$73	$138	$1,401	$3,521	$11,683	$28,283	$56,543
BARTOW		75	143	1,421	3,654	12,138	29,803	59,587
BLOUNTSTOWN		61	115	1,090	3,257	10,842	28,899	57,791
BUSHNELL		70	134	1,284	3,517	11,677	28,922	57,824
CHATTAHOOCHEE		57	109	1,059	3,068	10,228	26,158	52,316
CLEWISTON		68	128	1,240	3,379	11,180	28,555	57,075
FORT MEADE		73	132	1,200	3,679	12,100	29,430	58,790
FORT PIERCE		64	124	1,290	3,369	11,160	27,742	55,454
GAINESVILLE		67	126	1,210	3,233	10,741	23,749	47,437
GREEN COVE SPRINGS		65	124	1,412	3,661	12,144	25,809	51,493
HAVANA		73	141	1,354	4,050	13,487	35,954	71,902
HOMESTEAD		73	138	1,409	3,828	12,840	32,215	64,465
JACKSONVILLE		60	113	1,121	2,963	9,760	24,600	49,000
JACKSONVILLE BEACH		67	127	1,551	3,982	13,236	32,436	64,856
KEY WEST		83	162	1,605	4,287	14,280	35,775	71,545
KISSIMMEE		73	138	1,547	3,841	12,325	27,950	55,850
LAKELAND		69	128	1,228	3,275	10,941	26,086	51,790
LAKE WORTH		69	136	1,335	**3,931	**13,077	**32,370	**64,728
LEESBURG		68	131	1,298	3,260	10,827	26,177	52,337
MOORE HAVEN		92	176	1,703	4,620	15,348	38,923	77,823
MOUNT DORA		62	124	1,241	3,722	11,882	28,684	57,368
NEWBERRY		74	143	1,515	3,765	12,517	30,019	60,023
NEW SMYRNA BEACH		78	151	1,471	3,917	12,979	32,639	65,245
OCALA		57	107	**1,091	**2,690	**8,917	**21,335	**42,649
ORLANDO		59	112	1,162	2,931	9,736	23,603	47,191
QUINCY		46	87	939	2,473	8,122	20,505	40,957
REEDY CREEK		70	136	1,034	2,765	9,182	23,087	46,159
ST. CLOUD		76	142	1,462	4,008	13,300	33,965	67,905
SEBRING		88	163	1,501	3,850	12,161	30,836	61,636
STARKE		80	150	1,422	4,248	14,139	37,689	75,369
TALLAHASSEE		70	136	1,372	3,457	11,465	27,835	55,645
VERO BEACH		56	104	1,118	2,882	8,796	21,656	43,252
WAUCHULA		88	150	1,254	3,996	13,166	33,148	66,230
WILLISTON		70	135	1,464	3,907	12,983	32,593	65,169

**Excluding Local Taxes / December 1989 Fuel and Purchased Power Costs are Included.*

***Actual demand charge is based on KVA. An equivalent demand charge based on KW under the assumption of a 90% power factor at peak demand was used in this comparison.*

Cooperative Utilities

Typical Bill Comparison*

Commercial / Industrial - December 31, 1989

Cooperative Utilities	KW DEMAND		75	150	500	1000	2000
	KWH						
	750	1,500	15,000	45,000	150,000	400,000	800,000
Central Florida	$66	$117	$1,313	$3,315	$10,980	$26,250	$52,450
Choctawhatchee	60	109	1,045	2,755	9,874	22,330	44,159
Clay	67	128	1,252	3,384	11,150	27,485	53,875
Escambia River	52	98	1,090	2,778	9,167	22,544	45,048
Florida Keys	71	125	1,201	3,510	11,758	30,763	61,551
Glades	81	150	1,579	4,395	14,580	34,650	69,000
Gulf Coast	59	112	1,058	2,849	9,467	23,892	47,772
Lee County	69	134	1,253	3,353	11,140	28,615	57,215
Okefenoke	94	158	1,425	3,751	11,968	29,648	58,788
Peace River	78	143	1,268	3,261	10,752	26,622	53,194
Sumter	80	148	1,421	3,676	12,135	29,610	59,170
Suwannee Valley	76	143	1,522	4,036	13,360	33,560	67,080
Talquin	65	122	1,394	3,611	11,895	28,160	56,020
Tri-County	83	153	1,420	3,535	11,550	27,300	54,500
West Florida	60	114	1,064	2,677	8,805	21,550	43,050
Withlachoochee River	71	134	1,280	3,321	11,012	27,239	54,453

**Excluding Local Taxes / December 1989 Fuel and Purchased Power Costs are Included*

Investor-Owned Electric Utilities

Miscellaneous Charges - December 31, 1989

UTILITY	Initial Connect (1)	Normal Reconnect (2)	Violation Reconnect (3)	Collection Charge (4)	Temporary Service (5) Overhead	Temporary Service (5) Underground
Florida Power & Light Company	$16.00	$16.00	$19.00	$0.00	$110.00	$145.00
Florida Power Corporation	15.60	13.00 5.20 (6)	23.40	0.00	29.45 30.32 (7)	38.98 54.57 (7)
Tampa Electric Company	20.00	16.00	18.00	5.00	70.00	70.00
Gulf Power Company	16.00	16.00	16.00	6.00	48.00	48.00
Florida Public Utilities Company						
Marianna Division	30.00	15.00	30.00	0.00	0.00	0.00
Fernandina Beach Division	13.00	11.00	15.00	0.00	0.00	0.00

(1) Initial connection to an establishment never having prior service.

(2) Connection of service to an establishment having had prior service.

(3) Connection of service to a customer who has been disconnected due to a violation of Commission rule / regulation, i.e., non-pay, meter tampering, bad check, etc.

(4) A collection charge is made in the event a service representative visits the premises for the purpose of discontinuing service for nonpayment of a delinquent account and the customer pays or arranges to pay the past due amount in lieu of service interruption.

(5) Charge for installing and removing a temporary service drop.

(6) The $5.20 charge is applicable when only one trip to the premise is required.

(7) Applicable when three-phase service drop is required.

Investor-Owned Electric Utilities

Growth and Use Statistics - December 31, 1989

Utility	Average Residential Consumption for 1989	Average Percent Gain in Residential Consumption	Residential Customers as of Dec. 31, 1989	Average Percent Gain in Residential Customers	Residential Revenues for 1989	Percent Gain in Residential Revenues	Average Residential Revenue Per KWH Sold	Total Retail Operating Revenue	Percent Gain in Total Retail Operating Revenue
Florida Power & Light	11,892	3.4%	2,769,331	3.5%	$2,601,950,796	3.9%	$0.0805	$4,677,695,474	3.1%
Florida Power Corporation	12,059	2.6%	1,002,694	3.7%	*$825,700,000	7.7%	$0.0701	*$1,427,300,000	6.9%
Tampa Electric Company	13,258	2.4%	399,263	2.4%	$408,870,943	3.1%	$0.0784	$852,887,032	1.3%
Gulf Power Company	13,173	2.3%	251,341	2.0%	$203,780,627	10.4%	$0.0619	$488,576,711	-2.8%
Florida Public Utilities									
Marianna Division	11,059	0.0%	8,614	2.0%	$6,528,429	25.9%	$0.0690	$14,287,614	24.1%
Fernandina Beach	12,997	6.9%	8,458	3.7%	$7,069,769	2.8%	$0.0651	$15,263,804	3.1%

Note: Above Revenues Include Fuel.

**Data Reported in Millions of Dollars*

Municipal & Cooperative* Electric Utilities

Growth and Use Statistics - December 31, 1989

Utility	Average Residential Consumption for 1989	Average Percent Gain in Residential Consumption	Residential Customer as of Dec. 31, 1989	Average Percent Gain in Residential Customers	Residential Revenues for 1989	Percent Gain in Residential Revenues	Average Residential Revenue Per KWH Sold	Total Retail Operating Revenue	Percent Gain in Total Retail Operating Revenue
MUNICIPALS									
Gainesville Regional Utilities	10,782	2.1%	52,090	3.0%	$39,812,164	12.1%	$0.0709	$83,035,637	14.1%
Jacksonville Electric Authority	12,708	-2.2%	256,106	2.5%	$215,321,482	-0.2%	$0.0661	$464,046,610	0.9%
City of Lakeland	12,915	2.8%	72,681	3.1%	$72,770,585	10.9%	$0.0797	$138,219,342	11.2%
Orlando Utilities Commission	12,119	2.4%	99,582	3.9%	$91,352,342	8.8%	$0.0770	**$275,066,270	15.2%
City of Tallahassee	11,773	2.0%	62,350	1.8%	$58,798,483	12.6%	$0.0823	$131,177,477	12.7%
COOPERATIVES									
Clay Electric	11,728	1.9%	93,778	2.7%	$95,298,469	6.6%	$0.0870	$126,182,285	8.0%
Lee County Electric	11,018	2.9%	103,076	4.8%	$94,804,567	10.6%	$0.0854	$141,051,230	10.6%
Withlacoochee River Electric	10,702	4.4%	109,829	3.6%	$92,708,345	6.4%	$0.0800	$129,460,093	9.8%

**Utilities Covered By PURPA*

***Includes Interchange Revenues*

Note: Above Revenues Include Fuel.

Utility Reported Injuries
and
Fatalities to the Public

Involving Electric Line Contact [1]

YEAR	NUMBER OF INJURIES		NUMBER OF FATALITIES	
	Overhead	Underground	Overhead	Underground
1985	32	3	16	1
1986	32	4	15	0
1987	49	4	23	0
1988	36	4	17	0
1989	42	0	13	1

Investor - Owned
Natural Gas Utilities
Operating Statistics 1989

Company*	Gross Plant-in-Service	Operating Revenues	Operating Revenue Deductions	Net Operating Income	End-of-Year Number of Customers
City Gas	74,922,145	39,236,447	35,320,577	3,915,870	79,254
Florida Public Utilities	29,365,524	23,574,071	22,504,269	1,069,802	34,301
Peoples Gas	243,873,000	208,741,000	192,248,000	16,493,000	170,117
Others	53,109,881	59,480,321	57,432,722	2,047,599	46,504
Totals:	**401,270,550**	**331,031,839**	**307,505,568**	**23,526,271**	**330,176**

**All Data Unaudited*

Investor-Owned Gas Utilities

Typical Bill Comparison*

Residential Service - December 31, 1989

UTILITY	Minimum Bill or Customer Charge	THERMS 10	20	30	40	50	75	100
Central Florida Gas Corp.	$5.00	$11.60	$18.21	$24.81	$31.42	$38.02	$54.53	$71.04
City Gas Company of Florida	6.00	11.34	16.68	22.02	27.37	32.71	46.06	59.41
Florida Public Utilities	6.00	11.04	16.09	21.13	26.17	31.21	43.82	56.43
Gainesville Gas Company	6.00	10.83	15.65	20.48	25.31	30.14	42.20	54.27
Indiantown Gas Company	5.00	8.42	11.85	15.27	18.70	22.12	30.69	39.25
Miller Gas Company	6.00	12.25	18.51	24.76	31.01	37.27	52.90	68.53
Palm Beach County Utilities	5.00	11.52	18.05	24.57	31.10	37.62	53.93	70.24
Peoples Gas System, Inc.	6.00	11.16	16.33	21.49	26.65	31.82	44.73	57.63
Plant City Natural Gas Co.	3.00	8.81	14.61	20.42	26.23	32.03	46.55	61.07
St. Joe Natural Gas Company	3.00	6.05	9.10	12.15	15.20	18.25	25.88	33.50
South Florida Natural Gas Co.	6.00	12.50	19.00	25.49	31.99	38.49	54.73	70.98
Southern Gas Company	5.00	10.12	15.24	20.36	25.48	30.60	43.41	56.21
West Florida Natural Gas	6.00	11.59	17.17	22.76	28.34	33.93	47.90	61.86

**Excluding Local Taxes / December 1989 - Gas Costs are Included*

Investor-Owned Gas Utility

Typical Bill Comparison*

Commercial Service - December 31, 1989

UTILITY	Minimum Bill or Customer Charge	THERMS 30	50	70	90	150	200	300
Central Florida Gas Corp.	$10.00	$24.00	$33.34	$42.68	$52.01	$80.02	$103.36	$150.04
City Gas Company of Florida	12.00	25.98	35.30	44.63	53.95	81.91	105.22	151.82
Florida Public Utilities	6.00	21.73	32.21	42.70	53.18	84.64	110.86	163.28
Gainesville Gas Company	15.00	25.99	33.31	40.63	47.96	69.93	88.24	124.86
Indiantown Gas Company	10.00	20.14	26.89	33.65	40.41	60.68	77.57	111.35
Miller Gas Company	12.00	26.50	36.16	45.83	55.49	84.48	108.64	156.97
Palm Beach County Utilities	10.00	27.24	38.74	50.23	61.73	96.22	124.96	182.44
Peoples Gas System, Inc.	16.00	30.67	40.45	50.22	60.00	89.34	113.78	162.67
Plant City Natural Gas Co.	8.00	21.47	30.45	39.43	48.41	75.35	97.79	142.69
St. Joe Natural Gas Company	5.00	14.27	20.45	26.62	32.80	51.34	66.79	97.68
South Florida Natural Gas Co.	8.00	22.62	32.37	42.12	51.87	81.12	105.49	154.24
Southern Gas Company	10.00	25.25	35.42	45.59	55.75	86.26	111.67	162.51
West Florida Natural Gas	15.00	27.69	36.15	44.61	53.07	78.46	99.61	141.91

**Excluding Local Taxes / December 1989 - Gas Costs are Included*

Investor-Owned Gas Utilities

Typical Bill Comparison*

Industrial Service - December 31, 1989

UTILITY	Minimum Bill or Customer Charge	THERMS 400	500	600	700	800	900	1000
Central Florida Gas Corp.	$20.00	$155.39	$189.24	$223.09	$256.94	$290.79	$324.64	$358.49
City Gas Company of Florida	12.00	198.43	245.04	291.65	338.25	384.86	431.47	478.08
Florida Public Utilities	17.00	188.65	231.57	274.48	317.40	360.31	403.22	446.14
Gainesville Gas Company	15.00	161.48	198.10	234.72	271.34	307.96	344.58	381.19
Indiantown Gas Company	10.00	145.14	178.92	212.70	246.49	280.27	314.05	347.84
Miller Gas Company	12.00	205.29	253.61	301.93	350.25	398.58	446.90	495.22
Palm Beach County Utilities	25.00	258.27	316.59	374.91	433.23	491.55	549.87	608.18
Peoples Gas System, Inc.	25.00	207.63	253.29	298.95	344.61	390.27	435.93	481.59
Plant City Natural Gas Co.	22.00	185.39	226.24	267.08	307.93	348.78	389.62	430.47
St. Joe Natural Gas Company	20.00	152.09	185.11	218.14	251.16	284.18	317.20	350.23
South Florida Natural Gas Co.	8.00	202.98	251.73	300.48	349.22	397.97	446.72	495.46
Southern Gas Company	20.00	220.87	271.08	321.30	371.52	421.74	471.95	522.17
West Florida Natural Gas	50.00	187.47	221.83	256.20	290.56	324.93	359.30	393.66

**Excluding Local Taxes / December 1989 - Gas Costs are Included*

Gas Utilities

Miscellaneous Charges - December 31, 1989

Utility	Initial Connection (1)	Normal Reconnection (2)	Violation Reconnection (3)	Collection Charge (4)
Central Florida Gas Corp.	$16.50	$16.50	$16.50	$0.00
City Gas Company of Florida	6.50	6.50	6.50	0.00
Florida Public Utilities	15.00	15.00	15.00	0.00
Gainesville Gas Company (5)	10.00	10.00	10.00	10.00
Indiantown Gas Company	4.00	4.00	5.00	0.00
Miller Gas Company	8.00	8.00	8.00	0.00
Palm Beach County Utilities	9.00	9.00	9.00	0.00
Peoples Gas System, Inc. (6)	15.00	15.00	15.00	10.00
Plant City Natural Gas Co.	15.00	15.00	15.00	0.00
St. Joe Natural Gas Company	10.00	10.00	10.00	0.00
South Florida Natural Gas Co.	7.00	7.00	7.00	0.00
Southern Gas Co.	25.00	25.00	25.00	0.00
West Florida Natural Gas	20.00	20.00	20.00	0.00

(1) Initial connection to an establishment never having prior service.

(2) Connection of service to an establishment having had prior service.

(3) Connection of service to a customer who has been disconnected due to a violation of Commission rule/regulation, i.e., non-pay, meter tampering, bad check, etc.

(4) A collection charge is made in the event a service representative visits the premises for the purpose of discontinuing service or non-payment of a delinquent account, and the customer pays or arranges to pay the past due amount in lieu of service interruption.

(5) Residential only, all others $40.00 except collection charge.

(6) Residential only, all others $25.00 except collection charge.

Investor-Owned Gas Utilities

Growth and Use Statistics - December 31, 1989

	Average Residential Consumption for 1989	Percent Gain in Average Residential Consumption	Residential Customers as of Dec. 31, 1989	Percent Gain in Residential Customers	Residential Revenues for 1989	Percent Gain in Residential Revenues	Average Residential Revenue Per Therm Sold	Total Retail Operating Revenue	Percent Increase in Total Retail Operating Revenue
Central Florida Gas Corp.	281	(0.148)	5,930	0.107	$1,356,968	(0.061)	$0.8143	$19,525,051	0.078
City Gas Company of Florida	251	(0.077)	75,021	0.017	14,628,778	(0.012)	0.7886	39,236,447	0.029
Florida Public Utilities	337	(0.077)	31,504	(0.004)	6,392,346	(0.037)	0.7250	23,587,853	0.030
Indiantown Gas Company	271	(0.120)	526	0.029	77,520	(0.037)	0.5439	886,454	(0.204)
Miller Gas Company	215	0.132	4,436	(0.017)	900,757	(0.039)	0.9391	2,258,152	0.012
Palm Beach County Utilities	221	0.038	2,744	0.083	534,793	0.172	0.9000	1,251,618	0.200
Peoples Gas System, Inc.	243	(0.107)	151,352	0.018	28,374,119	(0.052)	0.7835	208,741,322	0.132
Plant City Natural Gas Co.	239	(0.143)	781	(0.009)	128,673	(0.142)	0.6893	2,688,591	0.027
St. Joe Natural Gas Company	408	(0.105)	2,550	0.019	301,642	(0.229)	0.2899	4,133,587	(0.111)
South Florida Natural Gas Co.	267	(0.144)	3,254	0.007	700,083	(0.166)	0.8320	1,612,925	(0.054)
Southern Gas Company	284	(0.072)	3,800	0.019	732,665	(0.009)	0.6790	14,310,248	0.128
West Florida Natural Gas	378	(0.123)	18,574	(0.089)	5,637,985	0.111	0.7200	16,890,650	0.085

Note: Above Revenues Include Fuel. Parentheses Denote Negative Amount.

DIVISION OF

Research

Mary Bane, Director

The Division of Research has three major functions: preparation of research studies, provision of statistical and technical support, and provision of information services. The division is responsible for preparation of cost benefit analyses and studies of policy alternatives; development of research findings and recommendations; performance of studies to determine trends and conditions affecting public utilities and the regulatory environment; and preparation of statistical and technical publications on the utility industries. The division responds to requests for assistance from the other technical divisions, the administrative support divisions, the Executive Suite, and the Commissioners.

Research Division Regulatory Studies

During 1989, the division researched a number of regulatory issues. Work was finalized on a report on deregulation of public utilities and a study of the costs of regulation. Work was initiated and a draft report prepared on electric utility holding companies in Florida. Work also began on a comparison of Florida's costs of regulation with costs of regulation in other states with similar responsibilities.

Research continued on projects addressing uniform systemwide rates for water and wastewater companies, a critique and comparison of three techniques used to determine how water and wastewater plant is treated for ratemaking purposes, a "snapshot" in time of the telecommunications industry, and the development of guidelines for assessing the degree of effective competition in the telecommunications industry.

Statistical and Technical Support

Analysis of the economic effects of proposed rules continued to occupy a significant amount of time. Thirty-three economic impact statements were prepared on rules with topics ranging from corporate income tax adjustments to Commission policy with respect to cogeneration and small power production. Other technical support included preparation of a report on utility services for the elderly and estimation of the impact of a proposed 1.5 percent gross receipts tax on water and wastewater companies. Research staff worked with the Division of Communications in preparing the report to the Legislature on the status of competition in the telecommunications industry and spent extensive time editing and finalizing the report. In addition, the division helped develop the agenda and line up speakers for the Fifth Biennial NARUC Electric Research and Development Seminar which was held in Coeur d'Alene,

Idaho, in September 1989; developed forecasts of utility revenues; updated various price indices; and monitored the revenue estimating conferences.

Information Services

The division produced various publications of operational and statistical information, including a statistical report on the electric utility industry and publications of comparative statistics for the telephone and electric industries. Deflated versions were published for the electric and telephone comparative statistics reports. These reports are updated annually to incorporate current information and make appropriate revisions. Because of significant changes in the Form Ms filed by the local exchange telephone companies, the telephone comparative statistics report was revised substantially. Preliminary work was done to develop statistics on the natural gas industry. Two reports will be prepared during the current year to provide information on the natural gas industry similar to that already being published for the electric industry. Additional information services included preparation of price comparisons of selected goods and services and responses to various requests for information from other divisions and from non-Commission organizations.

Activities Related to Federal Legislation and Rules

Work on pending federal legislation on acid rain continued to take a significant portion of staff time. Activities included extensive review and critique of pending bills and development of detailed information on the cost impacts of selected bills. Regional workshops on acid rain were held in Birmingham, Alabama, and Atlanta, Georgia. Research Division staff played pivotal roles in organizing and conducting those workshops. A report summarizing and critiquing the 1988 bills was published early in 1989 and a 1989 report is forthcoming.

Other activities related to federal legislation and rules included a report on proposals to amend the Public Utility Holding Company Act, an analysis of the effects on Florida electric utilities of proposed changes in Security and Exchange Commission rules on diversification, and a critique and analysis of proposed federal legislation on bankruptcy.

DIVISION OF

Water and Sewer

Chuck Hill, Director

It is the responsibility of the Division of Water and Sewer to enforce the statutes and commission rules and regulations governing the operations of privately owned water and sewer utility systems in the 32 counties subject to Public Service Commission regulation. The division is primarily involved with economic and service territory regulation, as well as regulation of quality of service provided.

During 1989, the Division of Water and Sewer continued working on the steady volume of docketed and undocketed applications that were received by the Commission from the 820 regulated water / sewer systems in the state. During the year, the Division received 13 file and suspend rate cases, 19 staff assisted rate cases, 10 applications to increase service availability charges, and 147 pass-through and/or price index rate adjustment applications. The certificate area, the number of application for 1989 continued to increase when compared with prior years. The total number of systems increased during the year, even after losing jurisdiction over St. Johns County.

In addition to the regular case load, the Division continued to work on and improve in the areas of tariff filing information, rate case minimum filing requirements, as well as continuing to sponsor and support the NARUC Eastern Rate Seminar.

The Division staff, with support from other Divisions, spent many hours on the rewrite of all of the statutes dealing with water and sewer regulations. This was necessary due to Sunset provisions of Chapter 367, Florida Statutes.

Sunset of Chapter 367, Florida Statutes

Chapter 367, F.S., would have been repealed on October 1, 1989, had it not been reviewed and rewritten by the Florida Legislature. The rewrite contained numerous changes. Some of the more significant changes are as follows:

- The Commission must grant or deny an original certificate application within 90 days of filing a complete application. Previously, there was no statutory deadline.

- The statutory time frame for implementing a pass-through rate increase was extended from 30 to 45 days.

- The Commission's Proposed Agency Action procedures have been codified and a five months deadline set for a Commission vote on the rate case application and

an additional eight month deadline in the event of a protest of the proposed agency action.

- The Commission's method of assisting small utilities in increasing their rates through a staff assisted rate case was codified. This provision gives a 15 month statutory deadline for a final Commission order and provides for temporary rates in the event of a protest by any party other than the utility company requesting the increase. The provision also allows the Commission to establish standards and procedures whereby rates for small utilities may be set by a method different than the normal method of setting rates.

- The statute requires that rate case expenses be amortized over 4 years and rates reduced after the recovery period.

- The statute provides for increased a regulatory assessment fee up to a maximum of 4.5 percent of gross revenues. Also requires that the Division of Water and Sewer not be subsidized by fee collection from the other regulated industries and that these fees be used only for the regulation of water and wastewater utilities.

- The Commission's jurisdiction was expanded to include utility systems whose service transverses county boundaries, whether the counties are jurisdictional or nonjurisdictional.

Tariff Filing Information System

During 1989, the Division continued to use and expand the Water and Sewer Tariff Filing Information System (WASTFIS). This program now tracks most index and pass-through rate applications. These applications were previously tracked through the Commission's docket system. This use of the WASTFIS system allows the Division staff more time to process these cases and discontinues the duplication of using both the Commission docket system and WASTFIS.

A summary of 1989 tariff filing follows. A comparison with the 1988 summary will show a decrease in the number of filings. This comparison is not accurate as the 1988 summary contained filings from both 1986 and 1987. The 1988 summary was the first year the system was used. All filings then being worked on were recorded during that year. For exact numbers, see chart.

Rate Case Minimum Filing Requirements

The staff of the Division of Water and Sewer have continued to work toward modification of the minimum rate case filing requirements. Workshops have been held and various proposals investigated. In early 1990, a new rule should be promulgated and put into effect. The effects of this rule should be reduced rate case expense and thereby lower rates than had the rule not been adopted.

Division of Water and Sewer

1989 Tariff Filings

WASTFIS Database Code	Tariff Filing Description	Number of Tariff Applications
CORR	Correction of Text	24
DTER	Deletion of Territory	3
ECER	Extension of Certificate	38
GCER	Grandfather Certificate	1
INDX	Price Index Rate Adjustment	78
IDXP	Price Index & Pass-through Rate Adjustment	33
IVGT	Investigation	5
LIMP	Limited Proceeding	4
LPC	Late Payment Charge	1
MSC	Miscellaneous Service Charge	7
NCS	New Class of Service	7
OCER	Original Certificate	15
PTHU	Pass-Through Rate Adjustment	3
RC-I	Rate Case - Interim	8
RC-F	Rate Case - Final	13
SA	Service Availability	1
SARC	Staff Assisted Rate Case	19
TCER	Transfer of Certificate	28
TGDV	Transfer to Governmental Agency	15
Total		421

Eastern Rate Seminar Sponsorship

The PSC, along with the NARUC Water Committee and the University of Utah, sponsored the 17th Annual Eastern Utility Rate Seminar in Hollywood, Florida, during the week of October 23, 1989. Commission staff members helped with the planning and organization for the seminar, as well as participated as faculty members in several areas. The seminar's format is the basics of utility rate making, where students are broken into groups and learn by working through all aspects of a hypothetical rate case from test year to rate design. One hundred and sixteen students attended the seminar this year.

DIVISION OF

Administration

James A. Ward, Director

The Division of Administration has overall responsibilities throughout the Commission in areas of internal administration, including accounting, personnel, budgeting, planning, training, purchasing, overseeing commission-owned automobiles, duplicating, distributing mail and leasing office space and equipment.

Bureau of Fiscal Services

Staff members have continued to support the PSC through the routine activities of collecting revenues, processing invoices for payment, preparing employee payrolls, and reimbursing travel expenses (statistics reflected below).

Also, effective July 1, 1989, the budget functions, along with the Budget Analyst position, was transferred to this bureau. The bureau has also been involved in the development and implementation of several special projects, some of which have been initiated as a result of the availability of the microcomputers through the new networking system. These projects are: (1) the microcomputer system for reporting the Regulatory Assessment Fee collections and the delinquent companies, (2) automation of the Travel Reimbursement form and the Management Travel Reporting System, (3) maintenance of the Commission's property in SAMAS (State Automated Management Accounting System), (4) financial analysis relative to long-term revenue needs, and (5) reprogramming of the Management Information System (MIS) to capture staff time associated with subindustries, i.e., investor-owned gas, municipal gas, and gas districts.

Activity in the Major Functions of the Bureau of Fiscal Services

	1987	1988	1989
Number of Invoices Processed	2,413	2,154	2,152
Travel Vouchers	2,427	2,160	2,737
Professional and Technical Service Consultant Contracts	5	4	2
Payroll Change Orders Processed	1,648	1,861	1,827

Regulatory Trust Fund

Appropriations 1979-90

	APPROPRIATION	
Fiscal Year	Positions	Amount
1979-80	434	$9,699,416
1980-81	361	*10,249,676
1981-82	322	**12,124,437
1982-83	332	11,287,379
1983-84	336	13,700,825
1984-85	346	13,788,347
1985-86	346	14,697,776
1986-87	358	15,327,827
1987-88	364	16,355,837
1988-89	367	17,531,244
1989-90	376	19,108,275

Note: Amounts reflect the Commission's actual appropriation, except for the two years explained by footnotes.

* *Reflects transfers of transportation positions and budget to the Department of Transportation.*

** *Reflects reduction of positions and budget resulting from Sunset review by the Legislature.*

Regulatory Trust Fund Revenues

Fiscal Year Ended June 30, 1989

Utility Filing Fees	$117,550
Utility Regulatory Assessment Fee	14,981,899
Miscellaneous Revenue	*179,087
Refunds and Cancellations	6,590
Interest Income	697,915
Total	$15,983,041

* *Includes Recording Fees*

Bureau of General Support Services

The Bureau of General Support Services had a very eventful year. During 1989, minor building renovations were made to improve efficiency in the Fletcher Building, including work involving the print shop and the supply room, as well as creation of a fully equipped conference/training room on the basement level. The Department of General Services recarpeted and repainted a major part of the Fletcher Building during the year.

The Commission moved into additional space on the basement and fourth floors of the Fletcher Building when the Department of Commerce moved out. As a result, many pieces of furniture were moved.

A transfer of surplus wood furniture from the Department of Education was arranged which will give the PSC a considerable amount of wood furniture at a modest cost when it is refinished.

In the print shop, the offset press was purchased, and a new binder was added. In the mail operation area, a folder/inserter was added and mailing equipment was upgraded. Several improvements were made to walk-up copiers on the various floors. Microcomputer equipment was purchased to help automate and streamline the purchasing function.

Summary of the Bureau of General Support Services' Workload

	1987	1988	1989
Invoices Verified	246	479	414
Purchase Orders Issued	1,756	1,722	1,730
Special Orders Processed	1,757	1,827	1,816
Photocopy Requisitions Processed	3,222	3,814	3,702
Copies Produced (Print Shop)	3,081,581	3,895,170	3,628,844
Pieces of Outgoing Regular Mail Processed	166,926	175,158	173,417
Pieces of Special Service Mail Processed	1,077	1,080	1,192
Postage Used (Meter)	$58,253	$67,733	$62,246
Supply Requisitions Filled	685	730	747
Messenger Runs	819	917	825

Bureau of Personnel

The State of Florida implemented the Florida Flexible Benefits Plan effective April 1, 1989. This is a tax-saving fringe benefit plan that allows employees to maximize their take-home pay by utilizing "pretax payment" of their State Group Health and Life Insurance premiums. This plan is qualified under Section 125 of the Internal Revenue Code. "Pretax Payment" means the premiums paid for the State's Group Health and Life Insurance are paid from gross earnings BEFORE taxes are deducted, thereby reducing the taxable earnings, being taxed less for Social Security and

Income Tax, and taking home more pay. The second and third components are reimbursement accounts. These are set up by the employee, using the participant's tax-free dollars through payroll deduction to pay for actual out-of-pocket medical and dependent day-care expenses incurred during the plan year.

As a result of the new Flexible Benefits plan, the State's insurance program and payroll system had to be modified to comply with Federal regulations. Major changes were made in procedures and the administration of the State's Group Health and Life Program.

In October 1989, the Department of Administration conducted a statewide Open Enrollment for Health and Life Insurance, as well as an open enrollment period for the new Flexible Benefits Plan.

During 1989, a total of 137 vacancies were advertised by Job Opportunity Announcements and through the COPES system, to all Job Service's offices in the State. Of these vacancies, 99 were professional and 38 were clerical.

The Commission's sick leave pool presently has 233 members and a balance of 1,871 hours. During this year, the first major withdrawal (532 hours) was made.

The Bureau has been involved in implementing and maintaining the Personnel Data System, a component of the PSC's in-house computer network system.

The Commission's training programs for Calendar Year 1989, consisted of classes offered by the Department of Administration, including: Supervisory Management, Personnel Rules and Regulations, Performance Evaluations, The Use of Microcomputers and Related Software Applications, Time Management, Business Writing, Telephone Communications, Budget Preparation, and Professional Presentations.

Workshops and seminars related to the technical aspects of utility regulation and cross-training between divisions and disciplines were attended by technical employees.

Summary of Personnel Actions

	1987	1988	1989
New Employees	53	46	62
Terminations	45	39	59
Retirements	5	2	1
Promotions	74	63	83
Pay Adjustments, Merits, and Discretionary Increases	832	515	81
Reassignments	37	12	17
Others*	569	542	616
TOTAL	1,615	1,219	919
Classification Actions	110	73	112
Up-to-Date Position Descriptions	76	33	32
TOTAL	186	106	144

**Includes demotions, status changes, leave with/without pay, etc.*

DIVISION OF

Consumer Affairs

George Hanna, Director

The Division of Consumer Affairs has the primary responsibility for consumer relations and communications. This involves investigating and resolving consumer complaints, issuing news releases concerning commission decisions and studies, preparing statistical summaries and consumer complaint activity, developing educational presentations for consumer and civic organizations, preparing testimony for rate cases on complaint activity, and participating in or initiating other dockets on consumer matters.

Complaint Activity

The Division of Consumer Affairs received 37,981 complaints from customers during 1989, down from the 44,189 complaints handled in 1988. Of these complaints, 5,852 were logged against regulated utilities and investigated.

Included in the total complaint activity are 1,502 letters to which division personnel responded with information to consumers about commission activities and regulations.

Savings to customers as a result of Consumer Affairs action on complaints totaled $270,270 in 1989. A total of $1,923,193 has been refunded to customers or credited to their accounts as a result of Consumer Affairs action on complaints during the seven years this figure has been tracked.

The 1989 savings included $82,905 for electric customers, $170,170 for telephone customers, $3,078 for gas customers and $14,117 for water and sewer customers.

According to the Division of Consumer Affairs, 47 percent of the complaints received were against two of the largest companies, Florida Power & Light Company and Southern Bell Telephone and Telegraph Company. Other telephone and electric complaints accounted for another 43 percent of the complaint activity. Eight percent of the logged complaints were against water and sewer companies, and two percent against gas utilities.

The telephone industry made up the largest percentage of total complaints, but the water and sewer industry experienced a 71 percent increase in complaints over 1988 figures.

In 1989, only two of the four major electric companies had a decrease in complaints. Tampa Electric Company had the largest decrease with a 31 percent reduction from 1988, with 139 cases logged during the year compared to 202 complaints in 1988. Florida Power and Light had a 16 percent decline in the number of its complaints. In 1989, there were 805 complaints logged against FP&L compared to 953 in 1988.

Florida Power Corporation remained at the same level in 1989, with 266 complaints filed compared to 265 in 1988, while Gulf Power Company had a 33 percent increase in

complaints. There were 76 complaints logged against Gulf Power during 1989, compared to 57 in 1988.

Complaint levels for the local exchange telephone companies in 1989 were mixed, with six companies recording complaint increases from the previous year and seven companies showing decreases. Two of the four major companies, GTE and Central Telephone, showed 19 percent decreases in complaint activity. Southern Bell complaints increased by 9 percent, and United Telephone Company of Florida complaints increased 2 percent.

Southland Telephone Company was the only local company for which no complaints were logged during 1989. However, Gulf Telephone and Quincy Telephone had no justified complaints for the year.

Long distance company complaints decreased by 5 percent during the year, while complaints against independent pay telephone providers increased 19 percent.

A rule change adopted by the Public Service Commission which became effective on January 10, 1989, outlined procedures for additional review of consumer complaints.

Rule 25-22.032 provides that "if a party objects to the proposed resolution, he may file a request for an informal conference on the complaint." A staff member who has had no prior contact with the complaint is assigned to review the case and conduct an informal conference between the parties in the service area of the utility.

If a settlement of the complaint is not reached as a result of the conference, the staff member makes a recommendation to the commission on the disposition of the complaint. The commission makes a determination on the recommendation at an agenda conference, and a "proposed agency action" order is issued outlining the commission's initial determination. Should the customer still be dissatisfied, he or she must make a formal appeal of the order and the case may be set for a full hearing. Three cases went to formal hearings.

During 1989, the first year the rule was in effect, the Division of Consumer Affairs received 18 requests for informal conferences. Of these, thirteen were settled during informal conference procedures or by proposed agency action order. Four cases were still pending as of March 31, 1990. Only one customer of the 18 requested a formal hearing on his case during 1989.

The division continued its telephone training program for new PSC employees. In 1989, 11 people worked 53 days in the Division of Consumer Affairs responding to customer complaints.

Public Information Office

The Public Information Office continued to compile and disseminate news releases and information about regulatory decisions of the commission to the various members of the media; utility customers; officers with local, state, and federal governments; and other state agencies. The responsibilities of the Public Information Office fall primarily into two broad categories: Media Relations and Consumer Information.

Media Relations

The Public Information Office distributes timely news releases to the media, provides the media with information about regulatory decisions, meetings, copies of upcoming PSC agenda items, staff recommendations, and commission orders. It also sends weekly bulletins to the Capitol Press Corps, as well as media kits to all major newspapers in Florida so editors will have current files on commissioners. The Public Information Office also schedules visits by commissioners to various media editorial board meetings to discuss issues of current interest and answer questions.

Consumer Information

Since the commission represents all aspects of the public interest in utility regulation, one of the PSC's main goals is to help inform consumers of their rights and of the services, programs, and options available to them. Developed and administered through the Public Information Office, the *PSC Outreach Program* was organized to help inform consumers of their rights and of the services, programs, and options available to them through the various program activities.

Public Information -- The Public Information Office develops pamphlets, brochures, booklets, and reports for the thousands of consumers in Florida. It also produces *From the PSC Agenda*, a monthly consumer publication, which is distributed to consumer organizations throughout the state, as well as members of the media, legislators, and key officials in city and county government. In addition, staff works with the Governor's Energy Office to develop and distribute materials on energy conservation.

PSC Speakers Bureau -- The Public Information Office coordinates the speakers bureau in an effort to provide civic and service clubs, schools, and business organizations throughout Florida with speakers who are trained and knowledgeable on a number of subjects, including utility service costs, the evolution and purpose of the PSC, rate cases, deregulation, conservation, and other consumer issues.

Educational Display -- The Public Information Office has developed an educational display unit, which is exhibited at various community events and PSC customer meetings and service hearings throughout Florida. The exhibit is staffed by PSC attendants who distribute informational materials to consumers and answer questions.

Electric Industry

Comparison of Logged Complaints

1989

	Complaints Logged In 1989			Complaints Closed in 1989			
				Justification			Percent
	Service	Billing	Major Type	Yes	No	Some	Justified
Florida Power	120	146	High Bill	34	169	54	13%
FPL	371	434	High Bill	246	355	172	32%
FPUC	3	3	Miscellaneous	0	4	0	0%
Gulf Power	31	45	High Bill	14	34	18	21%
Tampa Electric	60	79	High Bill	19	85	37	13%
Industry Total	**585**	**707**	**High Bill**	**313**	**647**	**281**	**25%**

	Year-To-Date			
	1989 Total Received	Percent Change From '88	Complaints Per 1000 Customers	Justified Per 1000 Customers
Florida Power	266	-0%	0.275	0.035
FPL	805	-16%	0.301	0.092
FPUC	6	20%	0.362	0.000
Gulf Power	76	33%	0.308	0.057
Tampa Electric	139	-31%	0.357	0.049
Industry Total	**1292**	**-13%**	**0.301**	**0.073**

Gas Utility Complaints

1989

	Complaints Logged In 1989				Complaints Closed In 1989			
					Justification			Percent
Company	Service	Billing	Total	Major Type	Yes	No	Some	Justified
CENTRAL FLORIDA	1	5	6	Misc. Billing	3	2	1	50%
CITY GAS	10	20	30	High Bill	9	14	14	24%
FPUC	9	2	11	Delay Connect	2	3	5	20%
GAINESVILLE	0	3	3	Misc. Billing	1	0	2	33%
MILLER	0	0	0	- - -	0	1	0	0%
PEOPLES	33	20	53	Delay Reconnect	15	28	15	26%
PLANT CITY	0	0	0	- - -	0	0	0	0%
ST. JOE	0	1	1	Misc. Billing	0	1	0	0%
SOUTHERN	3	1	4	Safety Concerns	1	1	1	33%
SOUTH FLORIDA	1	0	1	Misc. Service	0	0	1	0%
WEST FLORIDA	3	13	16	High Bill	3	8	5	19%
INDUSTRY TOTAL	**60**	**65**	**125**	**High Bill**	**34**	**58**	**44**	**25%**

	1989 Total Received	Percent Change From '88	Complaints Per 1000 Customers	Justified Per 1000 Customers
CENTRAL FLORIDA	6	50%	1.120	0.560
CITY GAS	50	-40%	0.407	0.122
FPUC	11	-15%	0.348	0.063
GAINESVILLE	3	0%	0.178	0.000
MILLER	0	-100%	0.000	0.000
PEOPLES	53	15%-	0.357	0.101
PLANT CITY	0	-	0.000	0.000
ST. JOE	1	-	0.400	0.000
SOUTHERN	4	0%	1.073	0.268
SOUTH FLORIDA	1	0%	0.310	0.000
WEST FLORIDA	16	7%	0.785	0.147
INDUSTRY TOTAL	**125**	**-10%**	**0.397**	**0.105**

Telephone Industry Complaints

1989

	Complaints Logged in 1989				Complaints Closed in 1989			
	Service	Billing	Total	Major Type	Yes	Justification No	Some	Percent Justified
ALLTEL	44	9	53	Service Problems	22	16	12	44%
CENTEL	99	41	140	Service Problems	59	41	30	45%
FLORALA	6	1	7	Service Problems	3	4	0	43%
GTE	302	131	433	Service Problems	146	169	114	34%
GULF TELEPHONE	2	0	2	Misc. Service	0	1	1	0%
INDIANTOWN	4	1	5	Misc. Service	2	1	2	40%
LONG DISTANCE	442	515	957	Wrong Carrier	597	184	170	63%
N.E. FLORIDA	2	0	2	Misc. Service	1	1	0	50%
PAY TELEPHONE	131	29	160	Service Standards	80	30	38	54%
QUINCY	0	2	2	Misc. Billing	0	2	1	0%
ST. JOSEPH	11	5	16	Service Problems	5	5	6	31%
SOUTHERN BELL	1475	454	1929	Delay Connect	721	664	542	37%
SOUTHLAND	0	0	0	- - -	0	0	0	0%
UNITED	169	82	251	Service Problems	67	118	89	24%
VISTA-UNITED	3	0	3	Delay Connect	2	1	1	50%
INDUSTRY TOTAL	**2690**	**1270**	**3960**	**Delay Connect**	**1705**	**1237**	**1006**	**43%**

	1989 Total Received	Percent Change From '88	Complaints Per 1000 Customers	Justified Per 1000 Customers
ALLTEL	53	-9%	1.114	0.463
CENTEL	140	-19%	0.577	0.243
FLORALA	7	40%	4.375	1.875
GTE	433	-19%	0.276	0.093
GULF TELEPHONE	2	-	0.284	0.000
INDIANTOWN	5	150%	2.433	0.973
LONG DISTANCE	957	-5%	-	-
N.E. FLORIDA	2	-78%	0.395	0.198
PAY TELEPHONE	160	19%	-	-
QUINCY	2	-60%	0.239	0.000
ST. JOSEPH	16	14%	0.793	0.248
SOUTHERN BELL	1929	9%	0.479	0.179
SOUTHLAND	0	-100%	0.000	0.000
UNITED	251	2%	0.269	0.072
VISTA-UNITED	3	50%	0.715	0.477
INDUSTRY TOTAL	**3960**	**0%**	**0.414**	**0.150**

Pay Phone Companies

Complaint Activity

1989

Company	Service	Billing	Total	Major Type	Justification for Cases Received and Closed				
					Yes	No	Some	% Justified	% Late Responses
2001 Telecommunications	1	0	1	service outage	1	0	0	100%	100%
Abtel	2	0	2	equal access	0	1	0	0%	0%
Adtec	2	0	2	misc. service	1	0	2	33%	50%
Advance Pay	2	0	2	misc. service	2	0	0	100%	0%
All County Telephone	1	0	1	equal access	0	1	0	0%	100%
American Payphones	1	0	1	marketing	-	-	-	-	-
Card*Tel	1	0	1	service standards	0	0	1	0%	0%
Carey Communication	4	1	5	equal access	1	0	1	50%	50%
Century Systems	4	0	4	service standards	2	0	0	100%	100%
Commonwealth Telephone	4	1	5	misc. service	3	1	1	60%	80%
Communications Central	3	5	8	delay refund	5	1	1	71%	29%
Continental Pay-Tel	2	0	2	misc. service	2	0	0	100%	50%
Damman International	0	1	1	delay refund	0	0	1	0%	100%
Dan Webb	1	0	1	service standards	1	0	0	100%	100%
Daylight Industries	2	0	2	service standards	1	0	0	100%	0%
First American Pay	5	3	8	misc. service	3	1	2	50%	50%
First Continental	1	0	1	service standards	1	0	0	100%	100%
Florida First	3	0	3	service standards	1	0	0	100%	0%
Florida Public Telephone	0	1	1	billed LD on local	1	0	0	100%	0%
Florida Telco	1	0	1	service standards	0	0	1	0%	0%
Frederick Wade	1	0	1	service problems	0	0	1	0%	0%
Fuqua & Davis	1	0	1	misc. service	1	0	0	100%	0%
International Tele-Coin	6	0	6	service standards	2	1	2	40%	40%
ITM Corporation	8	4	12	service problems	5	1	3	56%	33%
J&E Limited	0	1	1	delay refund	1	0	0	100%	100%
Koch Enterprises	2	0	2	misc. service	0	0	1	50%	100%
Martel	1	0	1	service standards	0	1	0	0%	100%
Mitel Systems	1	0	1	business office	-	-	-	-	-

Company	Service	Billing	Total	Major Type	Justification for Cases Received and Closed: Yes	No	Some	% Justified	% Late Responses
Mitchell Enterprises	1	0	1	service problem	0	0	1	0%	0%
National Payphone Services	1	0	1	service outage	1	0	0	100%	100%
Nothern Florida Telephone	1	0	1	equal access	0	1	0	0%	0%
Palm Beach Telephone	0	1	1	billed LD on local	1	0	0	100%	0%
Paramount Communication	2	0	2	misc. service	1	0	0	100%	0%
Pay Phone Systems	1	0	1	service standards	0	0	1	0%	0%
Payphone America	1	0	1	service standards	-	-	-	-	-
Payphone Management	1	0	1	equal access	-	-	-	-	-
Payphone Services Company	2	0	2	misc. service	0	1	0	0%	0%
People Telephone Company	34	8	42	service standards	17	11	11	44%	18%
Phontel Systems	3	0	3	service standards	1	2	0	33%	33%
Protocall Network	1	0	1	equal access	1	0	0	100%	0%
Public Telecommunications	1	0	1	not disconnected	0	0	1	0%	0%
Roloff	1	0	1	equal access	1	0	0	100%	0%
Southeast Pay Telephone	2	0	2	misc. service	0	1	1	0%	0%
Southern Payphones	1	0	1	service standards	0	0	1	0%	100%
St. Joe Communication	1	0	1	service standards	0	1	0	0%	0%
Telaleasing Enterprises	3	0	3	service standards	1	1	0	50%	100%
Telephone Operating Systems	4	0	4	misc. service	0	0	2	0%	50%
Telso	8	3	11	service standards	6	1	4	60%	0%
Triple Crown Inmate	1	0	1	service standards	-	-	-	-	-
U.S. Communications	1	0	1	service standards	-	-	-	-	-
	131	29	160	service standards					

Long Distance Industry

Complaint Activity

1989

Company	Service	Billing	Total	Major Type	Justification for Cases Received and Closed: Yes	No	Some	% Justified	% Late Responses
800 Telepatch	1	1	2	miscellaneous	2	0	0	100%	100%
Allnet Communications	0	1	1	billed incomplete calls	1	0	0	100%	0%
Americall LDC	0	1	1	delay refund	1	0	0	100%	0%
American Network	0	2	2	credit card or collect	-	-	-	-	-
American Pioneer	1	0	1	business office	1	0	0	100%	0%
AT&T	48	126	174	denied calls	70	66	30	42%	12%
Biz-Tel	5	2	7	marketing	3	1	2	50%	17%
Cable & Wireless	1	1	2	miscellaneous	1	1	0	50%	50%
Central Corporation	1	3	4	alt. operator services	2	1	1	50%	25%
Century Network	0	1	1	billed LD on local	-	-	-	-	-
Comcentral	1	0	1	equal access problem	1	0	0	100%	0%
International Telechange	36	53	89	alt. operator services	47	12	16	75%	52%
ITT Communications	5	4	9	marketing	3	2	0	60%	80%
LD*OS	0	3	3	alt. operator services	2	1	0	67%	100%
MCI	44	44	88	wrong carrier	53	11	16	66%	12%
Metromedia	3	1	4	misc. service	3	0	0	100%	33%
Microtel	5	8	13	misc. billing	5	5	2	42%	33%
National Telephone Service	20	30	50	alt. operator services	32	2	4	84%	53%
Southernnet	7	7	14	wrong carrier	7	3	1	64%	100%
Southtel	3	4	7	miscellaneous	0	0	1	0%	80%
Tele-Fibernet Corporation	0	1	1	delayed toll bill	-	-	-	-	-
Telenational Communications	1	0	1	wrong carrier	-	-	-	-	-
Telesphere Network	0	11	11	"900" billing	5	3	2	50%	50%
Telus	31	76	107	billed incomplete calls	56	16	30	55%	79%
Touch 1 Long	1	0	1	misc. billing	1	0	0	100%	0%
Triple Crown	1	1	2	miscellaneous	1	0	0	100%	0%
U.S. Sprint	218	134	352	wrong carrier	247	41	45	74%	22%
United Telephone LD	9	0	9	wrong carrier	0	2	1	0%	100%
	442	515	957	wrong carrier					
	(46%)	(54%)							

AOS Activity 1989

COMPANY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	1989 TOTAL	1988 TOTAL
* AMERICAN TELENET														
Inquiries		1											1	
CENTRAL COMM CORP														
Complaints	1			1					1	1			4	
Inquiries			2										2	
INTL TELECHARGE INC														
Complaints	9	2	15	4	7	7	9	9	5	11	5	9	92	
Inquiries	1	5	5	6	11	2	6	6	3	1	1	2	49	
LD*OS														
Complaints			1			2	1						4	
Inquiries			2			4							6	
*NAT'L CALLING CARD														
Inquiries						2				2			4	
NAT'L TELEPHONE SRVC														
Complaints	2	6	5	2	8		5		6		6	3	43	
Inquiries	2	1	4	1	1	3	1			2	1		16	
*OPERATOR ASTNC NETWK														
Inquiries	2	2	2			1	2						9	
*OPERATOR SRVS WEST														
Inquiries					1								1	
TELESPHERE														
Complaints		1	2			3							6	
Inquiries	1	1											2	
UNSPECIFIED														
Inquiries	5		3	1	3		6	4	2	9	6	4	43	
REFERRED FCC								6			9	17	32	
TOTAL	23	19	41	15	31	24	30	25	17	26	28	35	314	620
# logged complaints each month	12	9	23	7	15	12	15	9	12	12	11	12	149	341
# inquiries each month	11	10	18	8	16	12	15	16	5	14	17	23	165	279

*not certified as of date of inquiry.

Water & Sewer Industry

Complaint Activity

1989

Company	Service	Billing	Total	Major Type	Justification for Cases Received and Closed				
					Yes	No	Some	% Justified	% Late Responses
A.P. Utilities	1	0	1	water leak	0	0	0	0%	-
Alafaya Utilities	2	0	2	restore area	0	0	2	0%	-
Aloha Utilities	8	2	10	water quality	2	4	1	29%	71%
Atlantic Utilities	1	2	3	high bill	0	3	0	0%	0%
Bartelt Enterprises	0	1	1	improper rates applied	0	0	1	0%	0%
Bayshore Utilities	1	0	1	water quality	0	1	0	0%	100%
Beauclerc Utilities Co.	1	2	3	high bill	0	2	0	0%	0%
Betmar Utilities	3	0	3	improper disconnect	0	2	1	0%	66%
Blanton Lake Park	2	0	2	service outage	1	0	0	100%	100%
Broadview Park Water	2	3	5	water quality	1	2	1	25%	0%
Canal Utilities	1	0	1	improper disconnect	1	0	0	100%	0%
Central V Utilities	0	1	1	improper cut notice	0	1	0	0%	0%
Century Utilities	1	17	18	high bill	2	11	4	11%	71%
Cinnamon Ridge Utilities	1	0	1	address change	0	0	1	0%	100%
Citrus Springs Utilities	0	1	1	misc. service charge	1	0	0	100%	0%
Clay Utility Co.	1	1	2	improper disconnect	1	1	0	50%	50%
Colonies Water Co.	0	1	1	high bill	0	1	0	0%	0%
Crestridge Utility Corp.	0	1	1	billing wrong customer	0	1	0	0%	0%
Deltona Utilities	14	8	22	water quality	10	10	2	45%	18%
Decks, Lenvil H.	0	1	1	improper cut notice	1	0	0	100%	0%
Duval Utility Co.	0	1	1	high bill	1	0	0	100%	0%
Dyna-Flo Services	1	0	1	service refused	0	1	0	0%	100%
Eagle Ridge Utilities	1	0	1	sewage service	1	0	0	100%	100%
Enterprise Utilities Corp.	2	0	2	service outage	1	1	0	50%	0%
Ferncrest Utilities	1	0	1	address change	0	1	0	0%	0%
Floralino Properties	3	2	5	water leak	1	0	3	25%	25%
Florida Cities Water	11	9	20	high bill	4	11	3	22%	56%

Company	Service	Billing	Total	Major Type	Justification for Cases Received and Closed				
					Yes	No	Some	% Justified	% Late Responses
Forest Hills Utilities	0	3	3	delay refund	2	0	0	100%	100%
General Development Utilities	3	6	9	improper disconnect	0	4	4	0%	13%
Gulf Utility Co.	1	1	2	water quality	0	0	1	0%	0%
Harbour Oaks Utility	70	0	70	cont. service problems	65	0	5	93%	0%
Hideaway Utilities	0	2	2	delay refund	1	1	0	50%	50%
Hydratech Utilities	1	5	6	high bill	1	3	1	20%	0%
J.J.'s Mobile Homes	1	0	1	frequent outages	0	0	0	0%	-
Jacksonville Suburban Utilities	8	5	13	improper disconnect	2	8	3	15%	23%
Kings Point Utility	21	0	21	water quality	21	0	0	100%	71%
Kingsley Service Co.	2	3	5	improper disconnect	0	4	1	0%	0%
Lake Josephine Water	2	0	2	water quality	2	0	0	100%	50%
Lake Monroe Utilities	1	0	1	water quality	1	0	0	100%	0%
Lake Placid Utilities	1	0	1	water quality	0	0	0	0%	-
Lehigh Utilities	0	3	3	high bill	1	1	0	50%	0%
Lindale Water Co.	1	1	2	improper disconnect	0	2	0	0%	50%
Lindrick Service Corp.	4	3	7	water leak	3	2	1	50%	17%
Longwood Utilities	8	0	8	sewage service	6	0	2	75%	63%
LWV Utilities	0	2	2	high bill	1	0	0	100%	0%
M&M Utilities	1	0	1	misc. service	1	0	0	100%	100%
Magnolia Manor Water	0	1	1	high bill	0	0	1	0%	100%
Marco Island Utilities	6	1	7	water pressure	1	2	4	14%	29%
Marion Oaks Utilities	2	1	3	delay connect	1	2	0	33%	66%
Marion Utilities	2	1	3	water pressure	1	2	0	33%	0%
Meadowbrook Utility Systems	1	0	1	misc. service	0	1	0	0%	0%
Miles Grant Water	0	1	1	delay refund	0	1	0	0%	0%
Neighborhood Utilities	0	1	1	misc. billing	0	1	0	0%	0%
North Naples Utilities	0	1	1	improper rates	0	1	0	0%	0%
Ocala Oaks Utilities	0	1	1	not receiving bills	0	1	0	0%	0%

Company	Service	Billing	Total	Major Type	Justification for Cases Received and Closed				
					Yes	No	Some	% Justified	% Late Responses
Orange Lakes Services	0	1	1	payment not credited	0	0	0	0%	-
Orange Osceola Utilities	6	9	15	improper cut notice	3	6	4	23%	0%
Orangewood Lakes Services	0	1	1	high bill	0	1	0	0%	0%
Ortega Utility Co.	2	1	3	sewage service	1	2	0	33%	33%
Palm Coast Utility	2	6	8	high bill	1	4	1	17%	40%
Parmer Utilities	0	1	1	misc. billing	0	1	0	0%	0%
Pasco Utilities	2	2	4	not receiving bills	1	2	0	33%	66%
Placid Lakes Utilities	0	1	1	improper rates applied	0	1	0	0%	0%
Poinciana Utilities	0	2	2	high bill	0	2	0	0%	0%
Ponce DeLeon Utility	0	1	1	high bill	0	1	0	0%	0%
Quail Hollow Utilities	0	1	1	improper cut notice	1	0	0	100%	0%
Rainbow Springs Utilities	0	1	1	high bill	0	1	0	0%	0%
Residential Water Systems	0	2	2	high bill	0	1	0	0%	100%
Rolling Oaks Utilities	2	4	6	high bill	0	3	2	0%	20%
S.H. Utilities	0	3	3	meter reading prob.	2	1	0	66%	0%
Sanibel Sewer System	1	0	1	delay connect	1	0	0	100%	0%
Sanlando Utilities Corp.	0	2	2	meter reading prob.	0	2	0	0%	50%
SCE Services	0	2	2	not receiving bills	1	0	1	50%	50%
Seacoast Utilities	0	1	1	high bill	0	1	0	0%	0%
Sebring Country Estates	2	2	4	water quality	3	1	0	75%	50%
Seminole Utility Co.	0	2	2	reconnect charge	1	0	1	50%	0%
Shadowrock Utilities	4	0	4	service outage	0	0	0	0%	-
Shore Utility Corp.	0	1	1	back billiing	0	1	0	0%	100%
South Broward Utility	0	3	3	high bill	0	3	0	0%	0%
Southeastern States Utilities	1	2	3	high bill	1	1	1	33%	100%
Southern Casadega Spiritualist	0	3	3	high bill	1	0	2	33%	66%
Southern States Utilities	18	22	40	high bill	10	17	9	28%	31%
Spring Hill Utilities	2	10	12	high bill	1	7	2	10%	10%

Company	Service	Billing	Total	Major Type	Justification for Cases Received and Closed: Yes	No	Some	% Justified	% Late Responses
St. Augustine Shores	1	1	2	high bill	0	1	1	0%	100%
St. George Island	7	1	8	service outage	0	3	3	0%	17%
St. Johns North	8	0	8	water pressure	4	0	4	50%	100%
Sunbelt Utilities	0	1	1	days to pay	0	0	1	0%	0%
Sunshine Utilities	5	2	7	frequent outages	4	1	2	57%	71%
Tamiami Village Utility	1	0	1	restore area	0	1	0	0%	0%
Tomoka Water Works	1	0	1	misc. service	0	0	1	0%	100%
Tradewinds Utilities	1	0	1	water quality	1	0	0	100%	0%
University Oaks Water	5	0	5	service outage	0	2	3	0%	0%
Utilities Inc. of Florida	7	2	9	service outage	5	3	1	56%	11%
Virginia City	1	2	3	water pressure	0	3	0	0%	33%
Viva Villas Sewer	1	0	1	sewage service	1	0	0	100%	0%
Weeki Wachee Woodlands	0	1	1	billing wrong customer	0	0	0	0%	-
West Volusia Utilities	1	0	1	continued service prob.	0	1	0	0%	100%
Wildwood Water Co.	5	4	9	water pressure	5	3	1	56%	100%
Windstream Utilties Co.	1	0	1	delay reconnect	1	0	0	100%	0%
	281	194	475		187	166	82	43%	31%
Percentages	59%	41%		high bill	43%	38%	19%		

DIVISION OF

Information Processing

Margaret Perry Feaster, Director

The Division of Information Processing is responsible for the coordination of the computer, word processing, and data requirements of the commission. The division provides technical support to the commission staff in developing, selecting, and maintaining computerized applications, software, microcomputer systems, and word processing systems and provides training for the commission staff in their use.

The Commission's network continued to grow in both size and capabilities in 1989 from 147 micros and 59 word processing stations to 163 micros and 66 word processing stations, with 25 micros in the field for the on-site audits program. This means that more and more of the professional and clerical staff have access to shared word processing, electronic mail, spreadsheeting, and network data base applications. More printers were put in place bringing the Commission totals to 48 micro printers and 24 dedicated to word processing. The three field offices were also equipped with micro-based word processing and laser printers. Other new hardware installed includes a Paintjet printer which allows printing of color graphics and transparencies.

Only one major application is still running on the CDC mainframe located at Florida State University; all the others have been converted to run in the micro environment. We still use and will continue to use outside reference services such as WESTLAW and PHINET, and will continue to use the large IBM mainframe at Northwest Regional Data Center for utility audit purposes. Now that the Commission has standardized on IBM-type micros the last of the Xerox- based applications have been converted. The capabilities of the micro network have increased to such an extent that almost any application that the Commission needs can now be programmed on it without going to outside services. There are three subsystems in-house; one is the WANG word processing network, based on a series of seven minicomputers, one is the desktop publishing system and one is the Computer-Aided Transcription (CAT) system. All of these are connected to the network. To facilitate communications the WANG VS was upgraded to a model 75E and the number of simultaneous micro-network-to-WANG connections was raised to 24.

The number and scope of Networked applications has grown so a new level of the Network Operating System had to be implemented. The Case Management System now has document tracking and indexing, and order tracking, and continues to undergo further improvement. The Master Commission Direc-

tory has been enhanced. A Personnel Database (PDS) has been established which interfaces with many of the other applications and allows up to date information upon inquiry. The Travel System is now networked and interfaces with PDS to shorten the data entry cycle and has some data security features. The Complaint Tracking System was networked and enhanced considerably - it now prints out a complaint form automatically when the complaint is first entered.

The most revolutionary change is the beginning implementation of WordPerfect word processing on the network. One key word processing operator in each division has been trained to prepare for full implementation early in 1990. Training on the WANG system has slowed down due to the new emphasis on micro-based W/P.

Many of the Commission's stand-alone micro applications were enhanced during the past year, such as the Management Information System (MIS) which was totally rewritten for the IBM, the Regulatory Assessment Fee system, the Rate of Return system, and the Tariff Filing Information system. Brand new applications created were the Audit Tracking System and the Copier Cost System and a new Fleet Management System is now under development.

Two studies are currently underway in DIP, one to replace the Computer Aided Transcription System because the lease on the current system is expiring, and one to add Geographic Information System (GIS) capabilities. The CAT system study will be complete soon, but the GIS study may go on for as long as a year. Other activities which have kept DIP busy have been the installation of equipment, the evaluation of new equipment, the maintenance of installed equipment, installation and maintenance of software, and a complete virus check of all the Commission micros during October. The move of several divisions also impacted DIP significantly as new cabling and actual relocation of equipment was required.

DIVISION OF

Records & Reporting

Steve Tribble, Director

The Division of Records and Reporting receives and processes all formal matters filed with the Commission and keeps the official records of the Commission. In addition, the Division maintains a permanent record of Commission proceedings in record books and on microfilm, records the minutes and formal decisions of the Commission, issues notices of all hearings, arranges hearing sites, issues all orders, and prepares the agendas for Commission conferences.

This Division coordinates the Commission's Records Management program, maintains confidential document files and controls, publishes supplements to the Commission's rules, maintains the Central Directory of Utilities, and performs the function of Case Manager by maintaining and monitoring records of case schedules, and providing management reports regarding the progress of cases before the Commission.

The operation of the Division of Records and Reporting was greatly enhanced in 1989 by the introduction of the Case Management System (CMS) on the first working day of the new year. This computerized system allows for the recording of all documents filed before the Commission, for the indexing of cases by utility name and subject matter, filing date, rule cite, et cetera, and for the entry and tracking of events in cases before the Commission. CMS is on a Commission-wide network; thus it is possible for staff to obtain information from computer terminals in their divisions rather than going directly to Records and Reporting or telephoning personnel in that division. CMS was under development during the latter part of the decade, and its introduction and continued updating have contributed to increased efficiency in Records and Reporting and should prove as beneficial throughout the Commission.

In 1989, Records and Reporting received, recorded in CMS, and processed 12,347 documents. Of these documents, 1,390 were assigned new docket numbers. At the year's end, a total of 1,493 dockets had been processed to completion and closed out. Four hundred seventy-eight dockets remained open at the end of the year. The Division issued 1,893 orders and 105 notices during the year.

Agendas and Commissioners' working files were prepared for 29 Commission conferences in 1989. Nine of those agendas were "special" conferences dealing with just one major docket. One hundred one hearings were arranged and attended in Tallahassee and throughout the state during the year, and the Bureau of Reporting prepared 31,001 pages of transcripts of those hearings.

Overall, activity was down slightly from

1988, but it is expected to increase in the new year with the filing of several major rate cases and other dockets as the result of changes in legislation and economic conditions. The Division is looking to the future with several projects in the works to improve the efficiency of the Division's recordkeeping and information storage and retrieval procedures and systems.

Case Activity Statistics

January 1989 - December 1989

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
All Cases Beg. Pd.	573	604	637	618	609	583	575	628	580	564	589	502
New Cases	170	148	146	142	130	116	161	91	63	92	80	51
Restored Cases	0	2	0	1	1	1	0	2	0	1	0	0
Closed Cases (subtract)	139	117	165	152	157	125	108	141	79	68	167	75
All Cases End Pd.	604	637	618	609	583	575	628	580	564	589	502	478
Active	549	581	563	548	521	509	562	512	497	530	442	422
Monitor	46	47	45	51	52	56	54	55	55	50	51	47
Litigation	9	9	10	10	10	10	12	13	12	9	9	9
Total All	604	637	618	609	583	575	628	580	564	589	502	478
Ages of Cases												
< 6 months	372	409	388	389	359	352	416	365	351	361	272	264
6 months - 1 year	108	93	90	81	81	80	72	81	84	93	92	85
1 year - 2 years	89	96	95	91	93	90	90	88	85	87	85	77
2 years - 3 years	19	22	26	29	30	34	32	27	25	28	33	33
3 years - 4 years	12	13	14	12	14	12	10	11	10	11	11	10
4 years - 5 years	1	1	2	4	3	4	5	5	6	6	6	6
5 years - 6 years	0	0	0	0	0	0	0	0	0	0	0	0
6 years - 7 years	2	2	2	2	2	2	2	2	2	2	0	0
7 years - 8 years	0	0	0	0	0	0	0	0	0	0	2	2
> 8 years	1	1	1	1	1	1	1	1	1	1	1	1
	621	637	618	609	583	575	628	580	564	589	502	478
Cases > 2 years old												
Active	25	28	31	33	34	34	31	27	24	30	34	30
Monitor	7	8	9	10	10	12	10	10	12	15	16	19
Litigation	3	3	5	5	6	7	9	9	8	3	3	3
Total	**35**	**39**	**45**	**48**	**50**	**53**	**50**	**46**	**44**	**48**	**53**	**52**

On 7/23/83 a goal was established to reduce the number of active cases over 2 years old to 7.5% of total active cases. For December 1989 this ratio is 30 divided by 422 = 7.1%.

General Counsel

Susan F. Clark

The **General Counsel** is the Florida Public Service Commission's chief legal counsel. She supervises the Commission's legal personnel and is charged with the administration and the delegation of responsibilities to the Division of Legal Services and Division of Appeals. The General Counsel is responsible for seeing that the commission is advised as to the role and scope of its regulatory responsibilities; assisting the Executive Director in the coordination of inter-agency and legislative liaison; and representing the Commission before federal agencies.

DIVISION OF

Appeals

David Smith, Director

The General Counsel's Division of Appeals has responsibility for providing indirect legal services and advice to the commissioners. It prepares notices, recommendations and orders; attends hearings; represents the Commission before state and federal courts; promulgates rules and regulations; and acts as inter-agency and legislative liaison in cooperation with the executive director. The Division also provides legal services and advice to the Division of Administration on personnel, contractual and other administrative matters.

Appeals

Eleven appeals were completed in 1989. Five concerned the communications industry, two the electric utilities, and four the water and sewer industry. Of these appeals, four were voluntarily dismissed. In five cases the courts affirmed the Commission's orders. In one case the Supreme Court did not grant the writ of prohibition the Commission had requested, but remanded the case to the circuit court with directions to issue an order in conformance with the Commission's position. The court ruled against the Commission in one case, finding that the Commission had issued an order which should have been adopted as a rule.

Two significant appeals decided in 1989 were *Florida Society of Newspaper Editors, Inc. v. Florida Public Service Commission*, 543 So.2d 1262 (Fla. 1st DCA 1989), and *Florida Public Service Commission v. Hon. Richard S. Fuller, et. al.*, 551 So.2d 1210 (Fla. 1989).

In *Florida Society of Newspaper Editors*, the editors brought an action for mandamus in the Leon County Circuit Court to compel the Commission to permit the newspapers access to utility documents which the Commission had determined to be confidential. The court denied mandamus. On appeal, the First District Court of Appeal held that an action in mandamus was not appropriate to contest the Commission's decision to classify utility documents as confidential, that the Commission could close proceedings where confidential information would be discussed, and that the newspapers had failed to exhaust their administrative remedies.

In *Fuller*, the Commission requested a writ of prohibition against a circuit court judge on the grounds that the territorial agreement between the City of Homestead and Florida Power and Light had become an order of the Commission when the Commission had approved it. Therefore, the Commission argued, the agreement was within its exclusive jurisdiction and could not be collaterally attacked in an action in circuit court for interpretation of contract. The court held that the agreement merged into the Commission order when it was

approved. The court found that the PSC "must have authority to modify or terminate this type of order so that it may carry out its express statutory purpose."

Fourteen new appeals were filed in 1989. As of December 1989, thirteen were still pending. The Commission also became involved in two Federal Antitrust cases concerning territorial agreements between regulated utilities. In those cases the Commission is participating as Amicus Curiae.

Federal Liaison

Electric and Gas Industries
Water and Sewer Industries

During 1989, the Division of Appeals staff assisted the Commission in a variety of federal electric and gas matters, including legislation and agency rulemaking and adjudicatory proceedings.

Acid rain legislation in Congress heated up in 1989. President Bush submitted language for a bill, and committee meetings in both the House and Senate addressed the proposals. Florida electric utilities and ratepayers could feel the crunch of escalating rates if certain provisions on emissions trading caps are passed by Congress. Since Florida is a "growth state," the cap on emissions hits this state harder than most. Commissioner Gerald Gunter, on behalf of NARUC, testified before the House of Representatives.

The Federal Energy Regulatory Commission (FERC) issued a long-awaited Transmission Task Force Report. Transmission access is the subject of great national debate. Also, staff monitored the Southern Company 1989 IIC (Intercompany Interchange Contract) proceeding to determine what impact it will have on Gulf Power Company and its ratepayers.

The Commission continued active participation in Florida Gas Transmission's (FGT) cases before FERC.

Congressional proposals to amend the Public Utility Holding Company Act (PUHCA) surfaced, amidst much controversy, in 1989. The "Competitive Wholesale Generation Act of 1989" would provide an exemption to PUHCA for wholesale generators. State regulators were opposed to the Act unless it reserved certain regulatory authority to the states.

The Securities and Exchange Commission surprised state regulators by issuing proposed rules on diversification. The proposed language would have placed a greater burden on intrastate utility holding companies in their diversification activities. The rules would have created a state "safe harbor" for companies when the state legislatures enact mini-Public Utility Holding Company statutes and when state regulators implement the review of the utility holding companies.

Finally, the Commission intervened in the Petition for Declaratory Order on Wheeling by Wisconsin Utilities at FERC. That case may determine whether state commissions can mandate wheeling by electric utilities.

Federal Liaison

Telecommunications

1989 was an active year for the Commission in the federal telecommunications area.

The Commission's involvement included active participation by several of its Commissioners in federal proceedings. Commissioner Herndon presented testimony before a subcommittee of the Congressional Committee on Government Operations which was conducting an investigation into the provision of alternative operator services (AOS). Commissioner Herndon reported some of the Commission's findings on the operations of the AOS industry in Florida. In the Federal Communications Commission's Open Network Architecture (ONA) proceeding (CC Docket No. 88-2, Phase I), Commissioner Beard was appointed to the 410(b) conference. This conference is made up of federal and state commissioners and will facilitate the development and implementation of ONA at both the state and federal level. Commissioner Beard was also appointed to serve on the Federal/State Joint Boards in CC Dockets Nos. 80-286 and 87-339 which address cost allocation issues between federal and state jurisdictions.

In spite of proposed congressional legislation to lift some of the restrictions imposed by the Modified Final Judgment (MFJ) in Case No. 82-0192, Judge Harold Greene continued to restrain the operations of the Regional Bell Operating Companies. In related MFJ matters, the U.S. Court of Appeals for the District of Columbia Circuit heard oral arguments in two separate appeals from Judge Greene's triennial review order of the MFJ.

On October 26, 1989, the Court heard argument on the RBOC's appeal of that part of the triennial review order which challenged the definition of the term "manufacture" as used by the MFJ court. *United States of America v. Western Electric Co., Inc. and AT&T, et al.*, Case No. 88-5050. On December 6, 1989, the same court listened to four hours of argument from over ten parties in another RBOC appeal of the triennial review order which dealt with the legality of the information services ban. *United States of America v. Western Electric Co., Inc. and AT&T, et al.*, Case No. 87-5388. The Court has not yet issued its opinion on either of these two cases.

The U.S. Court of Appeals for the District of Columbia Circuit issued opinions in several dockets in which the Commission had intervenor status. In September, the Court affirmed the FCC's FCC's preemption of a Texas Public Utility Commission order which required Southwestern Bell to cease providing local exchange telephone service outside its certificated service area. *Public Utility Commission of Texas v. Federal Communications Commission*, Case No. 88-1274. In addition, in what may prove a "pyrrhic" victory for the states, the Court remanded to the FCC its decision to preempt state regulation of inside wire services. The Court said that FCC preemption would be justified when state regulation would negate the exercise by the FCC of its lawful authority. *National Association of Regulatory Utility Commissioners, et al., Federal Communications Commission*, Case No. 86-1678.

In August, the Commission joined NARUC, the District of Columbia, Michigan, and Pennsylvania and intervened in support of the petition filed by the Public Service Com-

mission of Maryland and the Maryland's People's Counsel challenging an FCC decision preempting state regulation of local exchange carrier billing and collection services (including disconnection for nonpayment of interexchange bills - DNP). The state intervenor brief was filed on January 11, 1990, and oral argument is scheduled for April 27, 1990. *Public Service Commission of Maryland and Maryland Office of People's Counsel v. Federal Communications Commission*, Case No. 89-1424.

In January 1989, the U.S. Court of Appeals for the Ninth Circuit located in California heard oral argument in appeals of the FCC's Computer III decision on the provision of enhanced services. The Court ordered supplemental briefs to be filed and the case was resubmitted on April 28, 1989. To date, the Court has not issued its opinion. *State of California v. Federal Communications Commission*, Case No. 87-7230.

Notable FCC proceedings in 1989 in which the Commission either actively participated or monitored included dockets that dealt with the establishment of a nationwide message relay system for the hearing and speech impaired (CC Docket No. 87-124), the investigation into the imposition of price caps for local exchange carriers (CC Docket No. 87-313), and the proposed amendments to Part 69 of the FCC's Rules in order to accommodate ONA tariffing issues (CC Docket No. 89-79).

Confidential Information

In 1989, the Legislature amended the confidentiality statutes applicable to the electric and gas industries and the water and wastewater industries. As a result of these statutory changes, the Commission will now have access to the records of utility affiliates, including parent companies. Also, the Commission's orders granting confidential classification will now have a duration of only 18 months, unless the Commission determines, for good cause, that a longer period is necessary to protect the ratepayers or the business operations of a utility or its affiliates.

In 1989, the Commission proposed to amend Rule 25-22.006, F.A.C., pertaining to confidential information. The substantially reworded rule is expected to streamline the process the Commission uses in ruling on confidentiality requests. On November 17, 1989, the Division of Appeals conducted a rulemaking hearing, and a final revision of the proposed rule will be presented for the Commission's approval in early 1990.

During 1989, the Commission received approximately 160 documents for which rulings on confidentiality were required. Requests from utilities and other entities seeking to protect their confidential business information are expected to continue to require significant staff and Commissioner time to review and rule on the requests.

Rulemaking

During 1989, the Commission adopted 21 rule amendments, one new rule, and repealed three others. The Commission also proposed several other rule changes which have not yet gone into effect or are presently sched-

uled for hearing. One of the more significant rule changes during the past year was the amendment of Rule 25-17.091, F.A.C., pertaining to advanced funding of governmentally owned small power producing solid waste facilities. This change was required by the Legislature in a major bill on solid waste recovery. Although the main focus of the bill was directed more toward solving the problems of solid wastes than finding a new energy source, the additional electric power that should ultimately be derived as a result of the legislation will be a small but welcomed side benefit of the state's efforts to address a very serious environmental problem.

Another important rule change was the amendment of Rule 25-6.0131, F.A.C., which raised the regulatory assessment fee for electric utilities from one twelfth of one percent to one eighth of one percent. The Commission also proposed to amend Rule 25-30.120, F.A.C., to raise the water and wastewater regulatory assessment fees in response to a legislative mandate that the water and wastewater industries cover the cost of their own regulation. When the rule becomes effective in early 1990, the regulatory assessment fees for water and wastewater utilities, will rise from 2.5 percent to 4.5 percent beginning in the second half of the year.

Another rule change affecting the water and wastewater industries was the amendment of Rule 25-14.003, F.A.C., pertaining to corporate income tax expense adjustments. The rule change exempted water and wastewater companies from filing annual reports containing calculations of tax savings or deficiency for the reported tax year.

During the past year the Commission also proposed to amend: Rule 25-7.0131, F.A.C., to raise the regulatory assessment fees for gas utilities; Rules, 25-17.082 et seq, F.A.C., pertaining to cogeneration; and Rule 25-6.0439, F.A.C., pertaining to territorial agreements and disputes between electric utilities.

Also, during the past year the Commission proposed amending the interruption of service rule (25-4.070) to require local telephone companies to maintain a trouble index report on an exchange rather than service center basis. A rule hearing will be conducted by the Division of Appeals in February 1990.

At the close of 1989, the Division of Appeals had 43 ongoing rulemaking projects.

DIVISION OF

Legal Services

Rob Vandiver, Director

The Division of Legal Services provides direct legal services and represents the staff in proceedings before the Commission, and the Commission itself in proceedings before the Division of Administrative Hearings or state or federal courts.

Communications Bureau

In 1989, the Communications Bureau was active in numerous major areas. In February, the Commission held its first hearing in its investigation of the emerging field of information services. This proceeding established the initial policies of the Commission for regulatory oversight of the provision of information services provided by local exchange companies (LECs) and others. Among the more significant decisions were the Commission's assertion of jurisdiction over the provision of intrastate information services by LECs and those entities that provide transport for information services and the establishment of guidelines for interconnection of information services.

The Commission held a hearing in March on regulatory issues referred to the Commission by the Pinellas County Circuit Court that were integral with Home Shopping Network's (HSN) $1.5 billion lawsuit against GTE Florida, Inc. (GTEFL) and two of its affiliates. The principal regulatory issue was whether GTEFL provided adequate network service in transporting calls originating from across the country to HSN's ordering center in Clearwater. The Commission held that GTEFL provided adequate service pursuant to applicable statutes and rules.

The Commission made its final determination on Quincy Telephone's stipulation with Public Counsel regarding the Company's 1986 earnings. The Commission reviewed the Company's accounting and surveillance reporting practices to determine the appropriate amount of the refund.

In September, the Commission held a hearing to determine and dispose of GTEFL's tax savings resulting from the Tax Reform Act of 1986. The Commission has ordered GTEFL to refund the amount of 1988 and 1989 tax savings not previously consumed by other rate reductions and to reduce certain rates in 1990 to permanently offset the tax savings.

In November, the Commission again addressed the issue of Toll Transmission Facilities Monopoly Areas (TMAs). The Commission held four days of hearings devoted to whether to retain or eliminate TMAs, the reservation of 1+ and 0+ intraLATA traffic to the LECs, the bypass restriction and other related issues. A decision is expected in March of 1990.

In addition, the Commission established

earnings caps for all the LECs not having permanent rate reductions to dispose of tax savings. The Communications Bureau also spent a considerable amount of time on several major current projects including continued review of the regulation of nonLEC pay telephones and alternative operator services, the Commission's investigation of Southern Bell's new Cost Allocation Manual, Southern Bell's generic restructuring of the provision of Private Line Service and ESSX Service.

In 1989, EAS continued to be implemented throughout the state. Southern Bell's Optional Extended Area Service plan was implemented on numerous routes in addition to implementation of more traditional EAS plans.

Water and Wastewater Bureau

Sunset Review

Chapter 367 underwent Sunset review during the 1989 Legislative Session. The Legislature amended the chapter so as to clarify and refine certain areas, add new requirements and authority and totally revamp certification procedures. The most controversial amendment gave the Commission exclusive jurisdiction over utility systems that cross county boundaries, whether those counties are jurisdictional or not, unless the systems are subject to, and remain subject to, an interlocal agreement in effect on October 1, 1989. General Development Utilities, Inc. filed a Petition for a Declaratory Statement shortly after enactment to ascertain how this new section of the statute affected it. It has a water and wastewater system that operates in DeSoto, Charlotte and Sarasota Counties. The latter two counties are not subject to Commission jurisdiction. The Commission found the systems to be jurisdictional even though an interlocal agreement existed. The interlocal agreement was designed to retain the status quo wherein the systems were subject to regulation by three bodies, Charlotte County, City of North Port (in Sarasota County) and the PSC (for the part of the system in DeSoto County.) The Commission found that the interlocal agreement was inconsistent with the Legislature's intent to do away with duplicative regulation of such systems. An appeal of the decision is expected.

New Procedures

During 1989, the Commission renewed the practice of sending cases to the Division of Administrative Hearings (DOAH). Typical cases sent to DOAH involve objections to applications for certificates, amendments or transfers.

The Commission also delegated to staff the administrative authority to close dockets which were opened to resolve objections to applications for certificates, amendments or transfers when the objection is withdrawn.

Noteworthy Dockets

The Office of Public Counsel also filed a petition to initiate either rulemaking or an investigation regarding the recognition of acquisition adjustments for ratemaking purposes.

During 1989, the Commission also approved a transfer of majority organizational control of Deltona Corporation's utility sub-

sidiaries, Deltona Utilities, Inc., United Florida Utilities Corporation and Pelican Utility Company, to the Topeka Group, a subsidiary of Minnesota Power and Light. This transfer involved the largest number of water and wastewater customers considered by this Commission to date; approximately 54,000 water and 23,000 wastewater customers in Citrus, Collier, Hernando, Marion, St. Johns, Volusia and Washington counties were affected by this decision.

Also during 1989, efforts to enforce Rule 25-14.003, Florida Administrative Code, the tax-savings rule, against approximately 160 water and wastewater utilities, despite the rule's limited applicability to the industries, prompted a repeal of the rule as it applies to the water and wastewater industries.

Electric and Gas Bureau

In 1989, the Electric and Gas Bureau of Legal Services was active in electric and gas rate regulation, tax savings refunds and rate reductions for both electric and gas utilities, fuel and conservation cost recovery, territorial disputes, statewide planning, Sunset Review and cogeneration.

Two rate cases were completed for Florida Public Utilities Company. After hearings, the Commission granted rate increases for the utility's Fernandina Beach and Marianna divisions. Gulf Power Company withdrew its request for a rate increase, but the Commission continued to investigate the activities which led to the guilty plea entered by the utility in federal court. In the gas industry, the Commission completed West Florida Natural Gas Company's 1988 rate case, in which the utility agreed to the amount of the increase calculated by Commission staff.

As a result of the Commission's fuel and conservation cost recovery proceedings, the Commission ordered Florida Power & Light Company to refund to customers $784,074 for advertising which did not comply with Commission rules for recovery through the conservation cost recovery program. In 1989 the Commission also began the process of examining the replacement fuel expenditures by Florida Power & Light Company and Florida Power Corporation for outages at their Turkey Point and Crystal River nuclear units.

Florida Power & Light Company, Gulf Power Company, and Florida Power Corporation were the first electric utilities the Commission ordered to file modified Minimum Filing Requirement reports. Among the gas utilities, City Gas Company, Indiantown Gas Company and St. Joe Natural Gas Company were ordered to file similar reports. All other investor-owned electric and gas utilities will be required to file similar reports in the future, which will aid Commission staff, the Office of Public Counsel, and any other interested parties in evaluation of the earnings of these regulated industries.

The Commission continued its tax savings refund program by examining utilities' savings resulting from the federal Tax Reform Act of 1986. Although Tampa Electric Company agreed to refund tax savings of $20,769,882 to its customers, the Commission additionally

ordered the utility to reduce its rates by $22,017,000 to remove the effect of the 1986 tax reduction from its rates. Peoples Gas System, Inc. was similarly ordered to reduce its rates by $1,152,375. Florida Power & Light Company was ordered to make an initial tax savings refund of $38,221,663, and was further ordered to make an initial rate reduction of $38,460,672. Hearings are scheduled to determine the final dollar amount of tax savings and necessary rate reductions for Florida Power & Light Company and Gulf Power Company.

Upon petition by the Florida Industrial Power Users Group, the Commission held hearings to review Florida Power & Light Company's oil backout cost recovery. While declining to discontinue the utility's collection of its cost recovery factor as requested by the petitioner, the Commission ordered the utility to recalculate certain claimed expenses to reflect a lower, more current cost of equity.

The most significant of many territorial disputes reviewed by the Commission in 1989 involved the Talquin Rural Electric Cooperative and the City of Tallahassee. Prior to a Commission hearing on the dispute, the parties filed a territorial agreement for which Commission staff has recommended approval. The Commission has also renewed litigation of cases before the Division of Administrative Hearings, such as a territorial dispute between Florida Power Corporation and Tri County Electrical Cooperative.

In 1989, the Commission began its investigation into the cost-effectiveness of undergrounding electric utility lines. Commission staff members are in the process of soliciting and coordinating input from approximately fifty utilities and cooperatives, and anticipate a recommendation to the legislature in 1990.

In the area of cogeneration, the Commission approved numerous cogeneration power sales agreements and subsequently closed out subscription to the 1995 statewide avoided coal unit. The Commission also conducted its biennial planning hearing and selected a 385 MW combined cycle unit as the statewide avoided unit for 1993. This unit forms the basis for cogeneration pricing until fully subscribed or until January 1, 1991, whichever comes first. In a related area, the Commission heard a petition for a declaratory statement brought by Tampa Electric Company, in which the utility asked that the Commission declare a planned cogeneration project on the MacDill Air Force Base to be in violation of state law. The Commission denied the petition on the grounds that the base, a federal enclave, was beyond its jurisdiction.

In the power plant siting area, the Commission approved need determinations for AES Cedar Bay, a 225 megawatt coal plant to be constructed in Jacksonville, as well as a 295 megawatt combined cycle unit to be constructed in Hardee County for the Seminole Electric Cooperative.

Also in 1989, the Commission defended its tariff approval procedures in two dockets involving Tampa Electric Company. Both cases are now on appeal to the Supreme Court of Florida.